

Chapter 37

Pricing for Materiel and Service

Section I

Introduction

37-1. General

This chapter sets policies, procedures, and responsibilities for developing an equitable and uniform system of charges for Army services or property.

a. It designates certain types of common services relating to--

(1) Copying, certifying, and searching records.

(2) Selling or leasing property to organizations within the Army; to other Department of Defense Agencies; to other Federal Agencies; to private parties, including firms, organizations, state and local governments, domestic and international organizations, other than Foreign Military Sales (FMS) customers.

(3) Taking accounting control and depositing receipts from such charges furnished.

b. It provides basic pricing policies and establishes--

(1) Standard prices for all materiel managed by the Army to account for inventories, reporting, issues, and where applicable, sales to all Department of Defense (DoD) and non-DoD customers.

(2) Supplementary charges to non-DoD Federal agencies and private parties.

(3) Criteria for sales at reduced prices to eligible customers.

(4) Criteria for sale or transfer of services or property under the authority of 31 USC 9701.

37-2. Responsibilities

a. The Director, Defense Finance and Accounting Service--

(1) Develops and determines uniform principles and policies to establish and maintain unit prices.

(2) Provides staff supervision of implementation procedures.

b. The Deputy Chief of Staff for Logistics (DCSLOG) provides staff guidance and supervision over the distribution of unit prices and changes through the catalog system.

c. The Policy, Plans, and Resources Division (DALO-SAA) of the Directorate of Security Assistance coordinates nonrecurring research, development, test, and evaluation (RDTE) and production pro rata charges and ensures that non-recurring costs (NCs) legally due the Government are collected.

d. The Commanding General, United States Army Materiel Command (CG, USAMC) will--

(1) Establish and publish prices under this regulation in the Army Master Data File (AMDF).

(2) Review and recommend revisions of

supplementary charges.

e. Heads of other major Army commands (MACOMs) will establish prices on--

(1) Items and services coded for MACOM management purposes.

(2) Items not required to be reported to the appropriate inventory manager for disposition instructions.

f. Heads of Army Staff agencies and MACOMs will initiate and adopt schedules of fees and charges consistent with Section III of this chapter. This will be done by--

(1) Identifying each service or activity other than common services.

(2) Determining the extent of special benefits.

(3) Determining cost and fair market value.

(4) Establishing charges.

37-3. Sales, issues, and reimbursements

a. All charges for sales, issues, and reimbursements of items from inventory will be the standard or replacement prices in effect when the items are dropped from inventory or at requisition edit to comply with a shipment order or nonreimbursable for PA items within the Army or to other DoD agencies .

b. Transfers (sales) from inventory will be on a nonreimbursable basis within the Army or to other DoD agencies for Procurement Appropriation (PA) non-excess materiel. Price procured items, whether stand alone or consolidated procurement, at the contract costs plus any recurring support charge.

c. Price sales to another Federal agency and private parties of new or overhauled PA non-excess materiel that require replacement at the estimated replacement price less an adjustment for age or condition.

d. Price sales to another Federal agency or private parties for PA items that do not require replacement at the standard price less an adjustment for age or condition.

e. Sales of Defense Business Operations Fund (DBOF) Supply Management, Army (SMA) items will be at the standard price within the Army and to other DoD and other Federal agencies. Sales to private parties will be at the estimated replacement price (currently the standard price).

f. Transfers to Military Assistance Program (MAP) recipients and sales to FMS customers of new or overhauled non-excess materiel will be in accordance with the DoD Financial Management Regulation, DoD 7000.14-R, Volume 15, Security Assistance Policy and Procedures.

g. Sales of materiel and recurring services in support of purchases to the Special Defense Acquisition Fund (SDAF) will be priced according to the DoD Financial Management Regulation, DoD 7000.14-R, Volume 15, Security Assistance Policy and Procedures and chapter 14 of the DoD 5105. 38-M,

Security Assistance Management Manual.

h. For consolidated procurement of reimbursable items for direct delivery to other ordering agencies, contracts may be subject to pricing contingencies. Item prices may be--

(1) Set at the standard or replacement price in effect at the time procuring agency accepts the order.

(2) Subject to revision.

(3) Revised retroactively on the procurement cost at time of delivery, but not thereafter unless agreed to by the agencies concerned.

i. Except as stated in this regulation, no materiel, supplies, or equipment under DBOF will be issued, sold, or transferred unless the fund is reimbursed. If determined by the DoD Comptroller that the standard prices do not adequately recoup all costs, an additive factor may be charged by the DBOF for sales to FMS customers, MAP recipients, and private parties. All charges and reimbursements for the materiel will be at the--

(1) Standard price to all customers.

(2) Price in effect at the time materiel is dropped from inventory.

j. Sales reductions from standard price are made when the conditions below exist.

(1) Potential DoD excess property held in the DBOF-SMA fund will--

(a) Give fair value to the user.

(b) Encourage sales.

(c) Reduce the supply on hand.

(2) There is a difference in utility or desirability between an unused and a repaired or used major item or between a current and older model of a similar major item.

(3) DBOF-SMA items and shelf type items that are close to or at termination date. Advance approval is required. Forward written requests for price reductions with justification to HQDA (DALO-RMI), WASH DC 20310-0533 for approval before making a sale.

(4) DBOF-SMA items in a less than "fully serviceable" condition may be reduced by the estimated amount necessary to return the item to a "fully serviceable" condition when approved by the DBOF-SMA manager at the National Inventory Control Points (NICPs). Standard prices for sale of obsolete items may be reduced when approved by the Comptroller of the Army. Forward requests to the HQDA (DALO-RMI) for consideration and forwarding to the Comptroller of the Army.

(5) Carry incomplete assemblies at standard prices, but at time of sale, the price may be adjusted to the extent necessary to ensure a fair charge to customers.

37-4. Exceptions to pricing policy

a. If the formula in Table 37-1 does not set a fair

price for the item being sold, the CG, USAMC, will recommend and send a new price proposal to the DFAS-Indianapolis Center, ATTN: DFAS-IN/AM, 8899 East 56th Street, Indianapolis, IN 46249-2201. If there is more than one model of an item under any of the classifications, care will be taken to determine that the price quoted is equitable.

b. Forward requests for exceptions to the pricing policies through channels to the DFAS-Indianapolis Center, ATTN: DFAS-IN/AM, 8899 East 56th Street, Indianapolis, IN 46249-2201. If a request involves an unresolved dispute, enough data should be sent with the request to help DFAS-IN/HQDA evaluate the merits of the proposed resolution. If deviations are requested, show that they are consistent with statutory requirements and are in the best interests of the U.S. Government. No charges or surcharges based on a percentage rate will be billed to recover any element of cost unless--

(1) The percentage charge or surcharge is prescribed in this regulation, or

(2) The percentage rate is proposed in writing and is approved by HQDA/DFAS-IN or a higher authority.

(3) It is determined through cost finding tech-knacks that actual packing, crating, and handling (PCH) costs are more equitable than applying the standard percentages, an exception will be submitted to the DFAS-Indianapolis Center, ATTN: DFAS-IN/AM, 8899 East 56th Street, Indianapolis, IN 46249-2201 for approval prior to applying actual charges. An adequate audit trail should be maintained and sufficient documentation should be presented to support the use of actual costs.

c. Requests for waivers of nonrecurring pro rata charges, asset use, and rental charges will be sent to USASAC, ATTN: AMSAC-RP, 5001 Eisenhower Avenue, Alexandria, VA 22333-0001.

37-5. Periodic review and updating of rates

Rates for accessorial costs, administrative costs, and asset use charges are subject to review. Upon higher level notification of a pending review, Army activities will be requested to participate in the review. When an Army activity believes that a prescribed rate should be revised, it should be submitted to the DFAS-Indianapolis Center, ATTN: DFAS-IN/AM, 8899 East 56th Street, Indianapolis, IN 46249-2201, with justification and supporting data.

37-6. AMDF and cost estimates

Cost estimators will follow guidance shown below. Major Subordinate Command (MSC) resource management and cost analysis personnel will validate cost estimates.

a. Procurement items.

(1) Obtain contractor quotes on items scheduled for delivery in a given future year for major components of a weapons system.

(2) In the absence of specific contractor quotes, develop the best estimate of the cost if the item is delivered in the current year. Deliveries need not be made to use the current year as the base year. For example, a contract price established in fiscal year (FY) 1992 will be updated to the current FY. It is then used as a starting point to project estimated costs in a future year. This estimate should be on one or more of the following criteria:

- (a) Historical trend analysis.
- (b) Regression analysis.
- (c) Comparison with other recent quotes for similar items giving consideration to quantity differentials (economic buy).

(d) Engineering estimates.

(e) Best estimate of item cost.

(3) Use the following guidance to develop a price for an item scheduled for delivery in a future year:

(a) For estimating materiel contract cost, unless otherwise indicated, the contract price is inflated based on the assumption that disbursements or expenditures will extend over a 4- to 5-year period. When using a past contract price to estimate the contract price for another year, it must first be deflated or adjusted to remove the inflation factor built into the original price. This adjustment results in constant dollars and is accomplished by dividing the original contract cost by the composite inflation index for that year. The current or future year contract cost can then be estimated by multiplying the constant dollar cost by the appropriate composite inflation index for the year of the contract or at time of scheduled delivery if applicable.

(b) For standard price estimates, add the appropriate additional applicable cost elements contained in paragraph 37-11. Estimated standard prices may be used for planning purposes but not for billing and reimbursements.

(4) Make a check sheet to include all costs. Examples are asset use charges, nonrecurring costs, recurring support costs, and technical manuals.

b. Items sold from stock.

(1) Determine whether the item is to be replaced in kind, replaced with an improved item, or not to be replaced.

(2) For replacement-in-kind, follow the guidance in paragraph a above for the replacement item.

(3) For an item to be replaced with an improved item, apply the useful life formula for sales to other Federal agencies, and private party customers based upon the estimated contract cost of the replacement item less an adjustment for the age and condition of the item being sold, if applicable.

(4) For items not to be replaced, use the standard price.

(5) Use the percentages in Section III to estimate packing, crating and handling (PCH), transportation, and administrative charges.

Section II

Standard Pricing

37-7. Objective

Standard pricing will--

- a. Promote uniformity and accuracy in both accounting control and inventory control.
- b. Provide a basis for preparing budget estimates by using approved inflation indices added from the date of last AMDF update to budget year for Fund Requirements computations.
- c. Provide a preliminary basis for the reimbursement of Army appropriations or funds from customers.

37-8. General policies for pricing

a. The following rules govern standard prices:

(1) Each item will have a single standard price. Use this price for inventory valuation and sales, except as provided below and as provided in Section III, Economy Act Sales.

(2) Except as indicated in (3) through (6) below, standard prices will be continuously reviewed.

(3) If no future procurement is planned for an item, the price review is not necessary. The published standard price will continue to be used.

(4) Items with a national stock number (NSN) are centrally managed and the standard price is published in the AMDF. When these items are authorized for local purchase, the AMDF price will be used for inventory valuation and sale. When these items are authorized for local purchase, and are acquired to meet a customer's specific requirements, not to meet inventory requirements, price these items at their actual cost, including applicable surcharges.

(5) Cost items managed locally for inventory valuation and sale at the latest purchase price including applicable surcharge.

(6) Under specified conditions (see Tables 37-1, 37-2, and 37-3) excess or non-excess items may be subject to a reduction in inventory price at the time of issue due to their condition. These reductions are not applicable to ammunition and missile items.

(7) For annual financial reporting, DFAS-HQ will provide annual adjustment factors (U.S. Army, Defense Logistics Agency, and other services surcharges) for adjusting DBOF-SMA inventory values to the latest acquisition cost. Use these factors to adjust inventories valued at standard prices on the latest Army Management Data File (AMDF) to latest acquisition cost for both whole-sale and retail inventory values. The ODCSLOG (DALO-RMI) will provide annual adjustment factors for unserviceable carcass rates and excess items rates.

b. Use the current procurement or production cost to establish a standard price. Table 37-5 provides costs applicable to Procurement appropriation (and Operation and Maintenance, Army (OMA)

reimbursable costs) and DBOF items.

(1) The establishment of a current standard price should be evidenced by a current contract, purchase order, invoice, or production cost records of a normal Army/DoD representative or demand quantity. If an estimate is used for inventory valuation or planning purposes (but not for sales), the following factors may be used:

(a) Current manufacturer's price and discount listings.

(b) Market price quotations.

(c) Cost or price analysis studies.

(2) Judgment, however, may be required to modify prices to allow for contract price revisions and other known factors affecting typical current procurement or production costs. Use the current costs rather than past or projected costs.

(3) If necessary, spread high initial costs of production over the estimated total production not yet covered by contracts. These costs may include production tool-up and learner's training for which there will be benefits in future production.

(4) Prices may vary greatly between different vendors within a single normal procurement lot or within the same vendor with a wide range of commercial configurations, making it necessary to calculate a weighted average of the prices.

(5) When items are exchanged (traded-in), any allowance will be a reduction of the purchase price. Do not consider the allowance in setting a standard price.

c. All vendors' discounts allowed to the Government for payment of accounts within a prescribed time are treated as cash discounts. Cash discounts are not deducted in determining the purchase cost. Reductions from list or catalog prices are trade discounts. Trade discounts are deducted in determining the standard price of an item.

d. Depot modification of items in inventory are treated as procurement costs. Add the modification to the existing standard price to arrive at the revised standard price. This applies only when a representative quantity of the items is modified and a separate stock number is established.

e. Transportation costs. Either actual material transportation costs or a surcharge for transportation costs based upon a percentage factor derived from past purchases will be added. No assessment of first-destination transportation costs is required when the materiel is procured free on board (f.o.b.) destination. The purchase price includes these costs.

f. Quote standard price for billing purposes as follows:

(1) Standard prices of less than \$100 will be in dollars and cents.

(2) Standard prices in excess of \$100 may be rounded to the nearest dollar.

g. Standard prices for centrally managed items will be-

(1) Established by the responsible inventory manager.

(2) Used for inventory valuation and sales, except for DBOF-SMA items as provided in paragraph 37-9.

h. DBOF-SMA-owned materiel held or sold at the retail level will be priced for sale or inventory valuation as follows:

(1) Items managed by DoD wholesale suppliers will be priced for inventory valuation at the standard price shown in the latest AMDF. (For fiscal year-end inventory valuation, this will be the AMDF effective on October 1 of the new fiscal year.) Normally, these items will be priced for sale at the standard price shown in the AMDF in effect on the date of sale. When, however, these items are acquired through local purchase to satisfy a specific customer order, they will be priced for sale at the local procurement price including any transportation charges and/or applicable surcharge.

(2) Items managed by GSA will be priced for both inventory valuation and sale at the latest procurement price.

(3) Items managed locally will be priced for both inventory valuation and sale at the latest local procurement price including any transportation charges and/or applicable surcharge.

i. Under AR 710-2 (Supply Policy Below the Wholesale Level), Army inventory managers will check all decentralized, locally managed items every 2 years to ensure that the type of management is still valid. These studies review demand data and potential savings by quantity buying. The prices developed and used in these studies can be used as estimated prices in the AMDF. Under these circumstances, the estimated prices from the AMDF affecting decentralized procurement may be provided to any agency or activity.

j. The following costs are not included in the standard price:

(1) Nonrecurring research and development costs.

(2) Nonrecurring production costs.

(3) Asset use charges.

37-9 Criteria for revising DBOF-SMA unit standard price

a. To stabilize DBOF prices, update the standard price of each DBOF-SMA item annually at the beginning of each fiscal year. The price will show the latest known representative procurement cost plus authorized surcharges.

b. The basis for the procurement cost is the latest acquisition cost or production cost. The latest acquisition cost is for a normal Army representative quantity. For items without a procurement history, estimate the acquisition cost based on current manufacturer's price listings or market price

quotations. Do not use estimated prices for sales. Also, include the cost of Government-furnished material (GFM) applicable to the procurement or repair of item in the cost of the item. The newly set prices will be effective for inventory valuation on the date of the latest AMDF. They will, however, not be used for sales until the October 1 effective date of the AMDF. Make no further price revision during the year unless a significant error is made in the 1 October or subsequent AMDF.

c. A significant error occurs when the correct and the published price differs by more than 10 percent. Correct these errors for DBOF-SMA items during the fiscal year. Item managers will not update prices during the FY based upon a procurement action after the cut-off date for establishing the annual stabilized price. NICPs will document the reason for each price change during a fiscal year and maintain documentation for review for the period that the new price is in effect.

d. Annual price update. Procedures for the annual price update are as follows:

- (1) Remove each item surcharge for the October 1 price update.
- (2) Enter the latest representative acquisition cost.
- (3) Apply the new surcharge rates to the acquisition cost to compute the new standard price.

37-10. Criteria for revising the procurement appropriation unit standard price

For PA items, publish and set monthly a new standard price in the AMDF when the variation between the published AMDF and the proposed unit standard price exceeds plus or minus 5 percent.

37-11. Standard price construction-Procurement appropriation items

A sample format for an AMDF Standard Price Construction Work sheet is at Table 37-6. Establish a standard price for each item in the Army inventories to include--

a. The current procurement or production cost of the item at the time the price is established or updated. The following guidelines are:

- (1) Contract or production costs of end items will include the value of Government-furnished materials.
- (2) Many parts are common to more than one item; therefore, standard prices must be established for the parts to determine the price of the end item.
- (3) The current procurement cost of any item made in a Government-owned installation will be the total production cost of the item as determined by the installation involved. Use the weighted average price when the same item is made in two or more plants.
- (4) Occasional minimum production costs of items produced in Government shops that normally are procured commercially will be disregarded in the computation.

(5) Production costs for materiel manufactured under commercial contracts or at Government manufacturing shops will include all recurring support costs. These costs cover production engineering (for major items only), tooling, quality assurance, and other costs. They are financed by the procurement appropriation, whether the cost was incurred as Government in-house cost or as contractor cost. When these costs do not exclusively apply to items under contract during the year in which the costs were incurred, they will be prorated over the total production of the item. The current production cost will include a fair share of the total recurring support costs. Incremental or marginal cost techniques are not applicable.

(6) Warranty charges not included in the contract costs will be included in the standard price, when applicable.

(7) Acceptance testing and proof firing costs of an item will meet these criteria:

(a) They may be included in the standard price if they are not in the manufacturer's or contractor's item cost.

(b) When included in the standard price, they will be based on reliable cost data factors.

(c) When they must be done on selected lots before the materiel or equipment is accepted, the costs will be included in the unit contract or project order cost. (Unit contract cost functions are done by a contractor. Project order cost functions are done at a Government plant).

(d) When acceptance testing is done at other Government locations (proving grounds or laboratories), include it as part of cost and in the standard price.

(8) Systems Technical Support contract costs on DBOF-SMA items, such as engines, will be included as part of cost and in the standard price.

(9) DBOF-SMA and PA secondary materiel used in the manufacture and assembly of end items are included in standard prices of the assembled end items. DBOF-SMA and PA secondary standard prices will have been set for this materiel.

(10) Provision for expected normal losses in production, such as spoilage and underrun, is appropriate.

b. The standard price will include estimated first destination transportation costs. Included are costs funded by the OMA appropriation on materiel, parts, and components assembled into the end items. Costs will also include transportation from the point of procurement, production, or testing to the point of assembly or storage within the United States or CONUS port of exit. The element of the standard price representing the cost of transportation may be determined by a percentage factor based on experience, applied to the basic procurement cost of an item, if actual costs are unknown. The OMA

appropriation will be reimbursed for that share of the standard price applicable to the first destination transportation costs financed by the OMA appropriation. The following second-destination costs are excluded from the standard price:

- (1) Continental United States (CONUS) inland transportation.
- (2) CONUS port handling.
- (3) Over-ocean (air or surface) transportation.
- (4) Overseas port handling.
- (5) Overseas inland transportation.

37-12. Standard price construction-DBOF items

a. The standard price is composed of the acquisition cost and a surcharge. The surcharges are included in the standard price to recover operating expenses incurred by the DBOF-SMA. The acquisition cost is based on the last representative procurement. For items without a procurement history, an acquisition cost may be estimated based upon current manufacturer's price listings or market price quotations.

(1) The acquisition cost of an item procured by means of a multi-year contract may include up front costs such as setup costs that will not be incurred in future years. In these situations, prorate the setup cost over the total planned volume of items being purchased under the contract. Include the cost of government furnished materiel (GFM). If a procurement item has incurred repair cost, include this in the setup cost.

(2) The cost of items procured by multiple year contracts will be the cost paid for each item. If termination costs are incurred or if minimum guaranteed amounts are not met for items procured, record the additional costs paid under the terms of the contract as DBOF-SMA operating costs for "other services" rather than the acquisition cost of specific items procured.

b. The DBOF-SMA will add a surcharge for materiel acquired from other sources to recoup any additional acquisition cost. Some assemblies produced by assembling component parts are not procured in their entirety. Cost these at the standard price equivalent to--

(1) The inventory value of the component parts withdrawn from DBOF-SMA inventory at standard prices.

(2) The value of materiel acquired from sources other than DBOF-SMA.

(3) The assembly cost chargeable to the DBOF-SMA.

c. Surcharge. Surcharges are included in the standard price to recover operating expenses incurred by the DBOF-SMA. Include applicable surcharges in all DBOF-SMA sales. Include surcharge in direct deliveries from contractors, commercial items, nonstandard items, manufac-

turer's part numbered and other items without a standard price. The surcharge consists of elements for transportation, inventory expense, wholesale logistics operations, and price stabilization. Although the surcharge consists of several definable elements, the ultimate purpose of the surcharge is to maintain consistency with the operating budget for DoD customers. DALO-RMI will develop surcharges for each Army major materiel category and submit proposed surcharges to DoD for approval.

(1) Transportation. Include in transportation costs, amounts financed by DBOF-SMA fund include movement of DBOF-SMA-owned materiel within continental United States (CONUS) and to and from outside continental United States (OCONUS). Activities will not return DBOF-SMA items without disposition instructions. Customers returning items not approved by the applicable wholesale manager will not cite DBOF-SMA funds for shipping.

(2) Inventory Expenses. Normal inventory expenses included in the surcharge are the net of losses and gains from incoming and outgoing shipments, physical inventory adjustments, inventory losses due to shrinkage, theft, deterioration, damage, contamination, defective items, obsolescence, and adjustments to reconcile internal records. The obsolescence portion of the surcharge is used only to replace obsolete or modified items retained in the wholesale inventory. It is not intended to cover all Defense Reutilization and Marketing Offices actions during a fiscal year. Extraordinary losses, such as those due to armed hostilities, riot, or significant damage due to fire, inventory losses, are not included in the surcharge for inventory expenses.

(3) Retail loss discount. Include the discount in the standard price as an additional element of inventory expense. The wholesale activity will grant a discount for retail losses for sales to DBOF-SMA retail divisions based upon net issues after applying authorized credits or offsets. These discounts are to provide funds for loss experienced at the retail DBOF-SMA level. Retail loss discounts are not granted for sales to customers of retail or installation level DBOF-SMA activities.

(4) Wholesale Logistic Operating Costs. The wholesale expense of procurement, warehousing, packing, crating, and handling, or any other functions of supply administration pertaining to a DBOF-SMA item are financed by the DBOF-SMA. These expenses are included in the standard price.

(5) Price-stabilization. The price stabilization element is designed to compensate for inflation or deflation experienced on procurement during the time that prices are in effect. The DBOF-SMA will issue the refund (a lump sum payment) of excess current year funds with Treasury to customer accounts at appropriation level rather than through the pricing structure.

d. Stabilization. The stabilization of prices requires the standard price for a NICP managed catalogued item be changed only at the beginning of the fiscal year (FY) and remain constant throughout the FY.

e. Publication. In order to publish the price before the effective date, activities should determine in advance of the execution year, the price of each item requiring stabilization (see paragraph 37-12.c.(5) above). The price of a stabilized item becomes effective for billing purposes on the first day of the fiscal year. When notice of the price change is received, adjust DBOF-SMA undelivered orders and unfilled customer orders to reflect the latest stabilized price.

f. Other Items. Assign a standard price and stabilize as described in paragraph 37-12d above for any other items (such as a General Service Administration item, an item procured with a manufacturer's part number, a non-catalogued item, or an item authorized for local procurement or manufacture).

g. Separate surcharge rates for inventory expenses will be established by materiel category. Normally, the surcharge rates should include losses on all current purchases. Losses on stock acquired before setting the rates should not be used in setting current surcharge rates. Rates should be tested over the years through reviews and studies, including sampling of procurement, issues, and losses. The entire cycle of procurement must be considered with issues for specific items or stock classes. The surcharge rate will be included in pricing all purchases and stocks on hand so that they are priced on the same basis.

37-13. Depot-level Repairables (DLRs)

a. The DBOF-SMA is authorized to finance the transportation, acquisition, overhaul, progressive maintenance, renovation, rework, repair, manufacture, reclamation, alteration, or software support of DLRs.

b. Each reparable item will have a standard price based upon the last representative acquisition cost for the item plus a surcharge approved by the office of the DoD Comptroller.

(1) Price sales of reparable items made without an exchange at the standard price. Exchange arrangements for DLRs are not authorized for customers outside the Federal Government.

(2) Price sales of DLRs to customers outside the Federal government as prescribed in paragraph d.7 below.

c. Repairable net price. The U.S. Army Materiel Command (USAMC) will determine the net price for all reparable items by a homogeneous grouping such as a NSN, Federal Supply Classification (FSC), subclassification, repair category, or materiel category. Also, the USAMC will establish and publish the reparable net price before the beginning of each

fiscal year for each grouping.

(1) The reparable net price may consist of a percentage factor times the standard price.

(2) The reparable net price will remain constant throughout the execution fiscal year under the DBOF-SMA price stabilization policy.

(3) If the standard price is less than the reparable net price, perform a review of the standard price and the reparable net price to validate their accuracy. If condition still exists, submit a request for a price adjustment to the DALO-RMI.

(4) If the standard price is less than the reparable net price because new items are not being acquired, the standard price may be adjusted to equal the reparable net price plus the carcass value.

(5) Calculate the reparable net price based upon the stabilized repair cost for each group, adjusted by a net surcharge. The net surcharge consists of the estimated carcass attrition costs (see paragraph f, below) and a factor for operating costs including transportation cost for issues of repairables and returns of carcasses from customers.

(6) Submit the net surcharge rates through the ODCSLOG (DALO-RMI) to the Office of the DoD Comptroller for approval.

d. Two Price Concept. DBOF-SMA reparable items issued under a two price (net price) concept to Federal Government-funded customer will be priced at the estimated repair cost, wholesale surcharge, and wholesale washout rate (a rate which represents items turned in for repair, which fail during the repair process and require replacement) for each materiel category.

(1) Charge the customer the difference between the reparable net price and the current standard price when the carcass is not received within 120 days from notification of date of shipment.

(2) If a carcass is received on an exchange basis and is not in a reparable condition (altered or misused), charge the customer the difference between the reparable net price and the standard price.

(3) If the standard price is less than the reparable net price, perform a review of the standard price and the reparable net price to validate their accuracy. If condition still exists, submit a request for a price adjustment to the ODCSLOG (DALO-RMI).

(4) If the standard price is less than the reparable net price because new items are not being acquired, the standard price may be adjusted to equal the net exchange price.

(5) Submit proposed net price through the ODCSLOG (DALO-RMI) to the Office of the DoD Comptroller for approval.

(6) All sales of reparable items made without an exchange are priced at standard price. Exchange arrangements for DBOF-SMA repairables are not authorized for customers outside the Federal Government.

(7) Customers outside the Federal Government are not authorized to receive a repairable net price. Charge these customers the standard price plus any additional DBOF-SMA operating costs as required by this chapter or the Department of Defense Financial Management Regulation, DoD 7000.14-R, Volume 15, Security Assistance Policy and Procedures for FMS.

e. Until system changes are made to achieve the two price concept, charge DBOF-SMA customers the standard price for all items and issue credit for return of repairable carcasses.

f. Estimated carcass attrition costs. Activities performing maintenance and repair missions on a carcass exchange basis incur attrition costs that must be included in a repair surcharge or included in the standard price surcharge. The attrition costs cover the cost of replacements for carcass washouts and losses.

(1) One type of attrition cost is carcass washouts which are carcasses that are repairable when inspected, but fail during the repair process and require replacement.

(2) Another attrition cost is the replacement cost for lost carcasses. Lost carcasses will be investigated and appropriate internal control procedures exercised to preclude future losses.

37-14 Return of items to the DBOF-SMA.

a. Credits may be granted to customers for items returned to the DBOF-SMA based on asset condition and the need at their level either wholesale or retail. Retail may give credit under the alternate credit policy. 10 U.S.C. 2208 states that "The appraised value of supplies returned to working capital funds (DBOF) by a department, activity, or agency may be charged to that fund. Credit the proceeds to current applicable appropriations. Additionally, these proceeds are available for expenditure for the same purposes that those appropriations are so available."

b. Exclusion. A customer outside the U.S. Government may not return an item to the DBOF-SMA for credit. However, the DBOF-SMA may buy the item back from the customer. In those situations in which the U.S. Government "buys back" items, conduct the purchase in accordance with procurement rules involving the obligation of DoD appropriations. See Chapter 12 for additional guidance.

37-15. Materiel not subject to standard pricing

In addition to GSA-managed items or items acquired locally for specific customer orders, the Army has items such as specially developed kits that are not subject to inventory pricing. These items are priced by component.

37-16. Reduction on reimbursable transfers to purchasers outside of DoD (excluding MAP and

FMS)

a. PA items. Age, deferred maintenance, and repairs influence the utility or desirability of an item. These factors should be used for price reductions of items when reimbursable transfers are made. To provide uniformity in reducing prices for sales purposes, Table 37-1 will be used. If a reduction should be made, apply the appropriate formula (Table 37-1) to transfers and sales, excluding DoD agencies, MAP, and FMS.

b. DBOF-SMA items. See paragraph 37-3.j for reduction from standard price criteria.

SECTION III

Economy Act Sales to Other DoD Components, Other Federal Agencies, and to Private Parties

37-17. Purpose

This section provides guidance on the amounts that will be recouped when Army activities perform work or sell property within the Department of the Army and to other DoD organizations, other U.S. Government agencies, and private parties. To aid you in pricing, Tables 37-7 and 37-8 are organized by the type of fund, either industrial or non-industrial, with cross references by pricing elements to types of sales. This section does not provide authority to sell to private parties. Specific legal authority must be identified to make such sales. Also, without specific statutory authority, reimbursements from private parties may not be collected into the performing appropriation.

37-18. Authority

a. Legal authority and requirements for one U.S. Government entity to perform work for another are contained in 31 USC 1535 (Economy Act) and 41 USC 23 (Project Order Law). DoD working capital funds are established by 10 USC 2208 as one means of encouraging DoD activities to perform work, render services, or provide supplies for another, based on the Economy Act or on a project order that creates a contractual relationship.

b. This section provides guidance on the costing of reimbursements obtained by providing authorized services or materiel. It is applicable unless a specific Army regulation allows alternative reimbursement policies.

c. Requisitioning Army and other activities (for example, Navy, Air Force, and Marine Corps) will disclose to both DoD and non-DoD suppliers whether any goods or services are for the benefit of non-DoD or non-Federal Government activities, so that proper amounts may be billed and collected. Ordering activities are required to disclose the ultimate buyer on requisition documents when the Army is the supplier of the materiel. To ensure that materiel is properly priced, ordering activities shall indicate one

of the following criteria in the reimbursable order document.

(1) The item is for Army or DoD use.

(2) The item is for a non-DoD federal agency for its own operations.

(3) The item is requested by a non-DoD federal agency for resale to a foreign country. Lacking proper identification of the ultimate buyer, price and bill reimbursable orders from DoD activities as if the requisitioning activity is the ultimate buyer. If materiel purchased from the Army is later sold, DoD activities are responsible for proper pricing and billing.

d. Army Military Standard Requisitional and Issue procedures (MILSTRIP) require cognizant MSC to review requisitions submitted by ordering activities. The MSC will determine if items issued from stock are a free issue (non-DBOF items for Army and other DoD agencies), or chargeable (for other federal agencies, private parties, or for foreign countries).

37-19. Waiver of small amounts

a. When an initial billing within the Army or to other DoD components is less than \$500, the billing may be suspended by the billing organization. If the amount of billings held in suspense for a customer is less than \$500 at the end of a fiscal year, the billing may be waived. If waived, the receivable entries in the financial control accounts and the reimbursement entries in the budgetary accounts will be reversed and the direct program charged. In such cases, care must be taken to ensure that such waivers do not result in an over-obligation of the direct program funds.

b. When an initial billing to a non-DoD U.S. Government activity is less than \$500, the billing may be suspended by the billing organization until the total billing exceeds \$500. At the end of the fiscal year, all suspended amounts will be billed to non-DoD activities even though the amount is less than \$500.

c. Working capital funds (DBOF) and the Corps of Engineers Civil Works Revolving Fund must not waive reimbursement of any amount.

d. Waivers are not permitted when the Army acts as an agent for a non-DoD entity or when billings are applicable to other Federal Government or non-Federal Government organizations. (See paragraph 37-4 for exceptions to pricing policy).

37-20. Disposition of collections

a. Only when specifically allowed by law or the Army's implementing regulations may collections be returned to the applicable appropriation that obtained the services or materiel being sold. Forward request for exceptions to this policy to DFAS-Indianapolis Center, ATTN: DFAS-IN/AM, 8899 East 56th Street, Indianapolis, IN 46249-2201. Activity should submit request with full justification and each request will be

addressed on a case-by-case basis.

b. Collections for unfunded depreciation, unfunded civilian retirement, and interest will be deposited into the general fund of the Treasury as Miscellaneous Receipts Account 21R3210.0001. Collections of asset use. Amounts collected will be returned to the Treasury as a Miscellaneous Receipts Account 21R3210.0001.

37-21. Overview of reimbursement Rules.

a. Tables 37-7 and 37-8 provide further clarification and summarization of the rules for determining the amounts to be collected by industrial funded and non-industrial funded activities.

b. Normally, Army activities performing work on a customer order will bill the requesting DoD Component or other Government agency for accrued expenditures (date of shipment or occurrence) unless otherwise provided for. The ordering DoD component will notify the performing Army activity if the order is placed on behalf of another Federal agency or the public so that order may be properly priced.

37-22. Direct civilian labor.

a. Direct civilian labor is normally not reimbursable within the Army unless performed by a working capital fund (DBOF). Activities that receive direct funding for civilian labor may not be reimbursed for services for which they are funded. However, if an activity requests additional services over and above your direct funded mission, you may provide those services on a reimbursable basis. Civilian labor performed for the benefit of other DoD components, other Federal agencies, and the public will be charged at actual hourly pay rates multiplied by the number of actual hours worked or assigned (detailed). Full-time assignments (details) will be charged using annual rates. Otherwise, an hourly rate of 1/2080 or 2087, as applicable, of the annual rate will be used and a leave and holiday factor of 18 percent of pay cost added. Add civilian personnel fringe benefits, at rates prescribed or at actual benefit cost accumulated in a cost accounting system, to the combined pay cost plus the 18 percent for leave and holiday costs.

b. The current U.S. civilian fringe benefit rates are set forth in Table 37-9. DFAS-IN will provide revised civilian fringe benefit rates via message.

c. Foreign national reimbursement rates are determined based on local pay agreements. Periodic reviews will be performed to determine if the U.S. Government must make a contribution for severance pay and/or retirement pay.

d. Direct civilian labor includes consultants and direct hire foreign nationals employed by U.S. Army activities.

37-23. Direct military labor.

Charge direct military labor to non-DoD organizations based on the actual hours worked or assigned (detailed). Charge full-time assignments (details) using the composite rates. Other-wise, an hourly rate of 1/2080 of the composite rates will be used and a leave and holiday factor of 14 percent of pay cost added. Military fringe benefits (for example, other personnel support costs) will be recouped by the application of a percentage surcharge of military pay or costs and billed as part of direct costs. The applicable percentage is 6 percent for officers and 18 percent for enlisted personnel, with reimbursement made to the Deposit Account 21F3875.2020 20-C S99999 for quarters, subsistence, medical, and other personnel support. Military fringe benefits are applied where services are for another Federal agency or to private parties.

37-24. Temporary duty (TDY) costs

Charge travel costs of Army civilian employees and military personnel assigned to a reimbursable work order as a direct cost when such travel can be identified to the order. Also, costs of supplies and other directly relatable expense are chargeable.

37-25. Army personal property inventory.

One of the initial aspects of the pricing of personal property is the decision as to whether items being sold need to be replaced. This decision will be based on a review of the authorized acquisition objective (AAO). If the sale will reduce assets required to meet the AAO, replacement is required.

a. DBOF-SMA materiel and Depot Maintenance Activity (DMA) inventories. DBOF-SMA issues and items consumed from industrial fund (DMA) inventories are reimbursable unless specific legal authority prevents reimbursement. Transfers to DoD components and other Federal agencies are priced at the current standard (inventory) price. Transfers to private parties are priced at the replacement cost. However, if the private party is a contractor performing work for the Army, other DoD components, or other Federal agencies, price the transfer at the current standard (inventory) price. The contractor is responsible for notifying the selling component that work is being performed for a Federal organization.

b. Non-DBOF-SMA materiel.

(1) Materiel, either transferred or sold and including both major inventory items and equipment in use, for which replacement with an improved item is required, will be issued within the Army or to another DoD component on a nonreimbursable basis. An accounting transfer from the losing to the gaining activity will be made. The accounting entry will reflect the standard or acquisition cost and any accumulated depreciation. Issues of major items to Federal

agencies or private parties will be priced at the estimated contract cost of the replacement item minus an adjustment for age and condition of the item being sold, if applicable.

(2) Materiel, including both inventory and equipment in use, for which replacement-in-kind is required will be priced within the Army or to another DoD component on a nonreimbursable basis but will require an accounting transfer from the losing to the gaining activity. The accounting entry will reflect acquisition cost and any accumulated depreciation. For issues to other Federal agencies, or private parties, materiel will be priced at the estimated contract cost of the replacement item minus an adjustment for age and condition of item being sold, if applicable. (see Tables 37-2, 37-3, and 37-4.)

(3) In cases where the activity wants to charge the standard price for a major item, instead of the replacement cost, an exception must be requested. Obtain an exception before sale is consummated. (see paragraph 37-4.)

c. For transfers to other DoD components or to the RDTE appropriation from inventory that may have an adverse impact on the Army, a direct cite MIPR should be obtained for the procurement of the major item, which may be from a consolidated or stand-alone procurement action. The performing activity will charge the total contract or procurement cost. For an emergency requirement, the performing activity may loan the item until a delivery from the contractor is made under the MIPR.

d. Depot level reparable items (not part of the DBOF-SMA) sales to other DoD agencies will be reimbursable if the item sold is below the approved force acquisition objective (AFAO) and a consolidated procurement action is necessary to maintain required inventory levels. The contract or procurement price will be charged to DoD agencies or the RDTE appropriation. Sales of all PA secondary items to other Federal agencies and private parties will be priced at the standard price plus a 10-percent replacement factor.

e. A PA major item that does not require replacement will be issued within and to another DoD component on a nonreimbursable basis but will require an accounting transfer from the losing to the gaining activity. The accounting entry will reflect acquisition or standard price and any accumulated depreciation. Issues to other Federal agencies and private parties will be priced and reimbursed at its acquisition cost minus an adjustment for age and condition of item being sold, if applicable. (see Tables 37-2 and 37-4.)

f. Generally, materiel (surplus) disposed of by the Defense Reutilization and Marketing Office will be sold at the successful bid price at public auction unless the materiel requires alternate disposal processes.

g. Materiel claimed by the Army will be issued free. The Army gaining activity will make an accounting entry to reflect the transfer of acquisition cost and any accumulated depreciation. Surplus materiel claimed by another Federal agency will be issued free. Surplus materiel will be issued to designated non-Federal Government organizations free. Such organizations generally are public institutions such as schools, hospitals, and state and local governments. The general rules for surplus materiel will apply to surplus equipment.

37-26. Contracts

a. Contract costs incurred for contracts awarded as part of a reimbursable agreement will be billed to the benefiting organization.

b. Government-furnished materiel will be billed in addition to contract costs in accordance with paragraph 37-25.

c. If the contract meets the requirements of a non-Federal Government organization, the contractor will be required to reimburse the Army a rental charge for the use of plant or production equipment utilized in manufacturing of the item being sold.

d. Charge contract administration to other Federal agencies and private parties at the hourly rate established by OASD(C) in accordance with statutory or policy requirements. Contract administration charges are not charged the Army or to another DoD component.

e. The collection of interest on a late payment is applicable to a contract to a non-Federal U.S. Government organization that is required to pay a recoupment charge in accordance with DoD Directive 2140.2, Recoupment of Nonrecurring Costs on Sales of U.S. Products and Technology. (For additional guidance see Chapter 7, DoD Financial Management Regulation, DoD 7000.14-R, Volume 15, Security Assistance Policy and Procedures). The contract recoupment clause 252.271-7001, required by Defense Federal Acquisition Regulation Supplement, provides for the established charge to be paid to the appropriate DoD focal point within 30 days following delivery to or acceptance of the item by a purchaser, whichever comes first. This is the due date. The contract interest clause 52.232-17, mandated by the Federal Acquisition Regulation, provides that all amounts that become payable under the contract will bear simple interest from the due date until paid, unless paid within 30 days of becoming due.

f. Army personnel services in support of the contracts will be costed in accordance with paragraphs 37-22 and 37-23.

37-27. Accessorial Expenses

a. Packing, crating, and handling expenses are costs incurred for sales or shipments of property. Accessorial costs include, for example, costs in-

curred for PCH, transportation, and port loading and unloading. Accessorial expenses may be incurred by the Department of Army for direct delivery of items from contractor facilities or by Army activities for items furnished from Army stocks. Accessorial expenses incurred by contractors for direct delivery items are normally included in the contract price of the property. If accessorial costs of direct delivery items are billed separately by the contractor, they shall be reimbursed in accordance with this section. Accessorial expenses incurred by the Department of the Army, except for those incurred by working capital funds, are not reimbursable from Army activities and other DoD components.

b. Unless otherwise provided by statute or regulation, accessorial expenses are billed to non-Federal Government entities and non-DoD Federal Government departments, agencies, or instrumentalities (excluding sales to the U.S. Coast Guard). Accessorial expenses are billed to the Military Assistance Program (MAP) and to non-appropriated funds when property is transported for DoD morale, welfare, and recreation activities unless reimbursement has been waived by statute or regulation.

c. Accessorial charges will be reimbursed by non-DoD activities at the actual cost incurred, if known. In the absence of known costs, standard DoD factors or rates will be used on all items and applied to the inventory price. The standard percentage rates are prescribed in Table 37-10.

d. Accessorial costs do not apply to issues, sales, and transfers to--

(1) DoD components acting as an integrated manager for reimbursable and nonreimbursable transfers to another DoD component. Exceptions are for sales and transfers under FMS, made by other DoD components. DoD components may make a prearranged charge if costs are significant and related to integrated materiel assignments and nonrecurring relocation of materiel.

(2) Army appropriated and nonappropriated fund activities except officers and noncommissioned officer (NCO) clubs (open messes) of Supreme Headquarters Allied Powers Europe (SHAPE) and Allied Forces Central Europe (AFCENT).

(3) Authorized patrons of retail sales outlets such as commissaries and clothing stores.

(4) Sales of ground packaged POL.

(5) Plant and production equipment.

(6) Costs in transferring petroleum products from bulk storage to containers or drums and sold to authorized customers will be determined locally. Reimbursement will be a matter of agreement between the agencies concerned.

e. Accessorial costs represent certain expenses incident to issues, sales, and transfers of materiel not included in the standard price or contract cost. The

following accessorial costs apply to private party shipments:

(1) PCH costs. These are costs incurred in an Army or DoD facility for labor, materials, or services in packing from storage, preparing for shipment, and processing materiel release documents. The PCH rate will not be applied to articles shipped directly from a manufacturer since no in-house DoD labor, material, or services are involved.

(2) Transportation costs. These are costs of DoD provided or financed--

(a) Inland transportation (land, air, and inland and coastal waterways) inside and outside the United States.

(b) Overseas transportation by vessel or air.

(c) Parcel post via surface or air.

(d) Port loading and unloading costs. This is the cost of DoD provided or financed labor, materials, or services for loading, unloading, and handling at the ports of embarkation and debarkation.

f. Accessorial rates will be charged to U.S. Embassy commissaries overseas on bulk subsistence and operating supplies purchased from Army commissaries. The costs will include--

(1) CONUS port handling.

(2) Ocean transportation.

(3) Overseas port handling.

(4) Overseas inland transportation to storage activities.

(5) Actual transportation costs to U.S. Embassy commissaries from storage activities.

g. Accessorial costs in addition to the selling prices in this regulation for positioning and replacing of items issued, sold, or transferred from Army stocks will be borne by non-DoD customers.

h. Transportation costs will be from point of shipment to point of destination where the consignee accepts delivery. The exception is when costs are included in the standard prices of DBOF-SMA items being sold. Overseas transportation cost for military commissary stores incurred by the Army must be separately billed and reimbursed to the financing OMA appropriation instead of the DBOF-SMA activity. See Table 37-10 for standard percentage rates.

i. When materiel is delivered at CONUS or overseas distribution points, the customer funds are cited for--

(1) Moving and handling the shipments from distribution point to final destination.

(2) The authorized accessorial costs up to the point in the system that delivery is made.

j. The rates in Tables 37-9 and excluding those elements in the standard price of an item apply to all transactions except those excluded in paragraph 37-27d above. Also, accessorial costs percentage rates will be used when funds, a fund citation, or a movement document or order is provided by the

customer to finance the actual cost.

k. Certain PCH charges are either included in the selling price or considered a responsibility of the service operating the issue activity.

(a) Deliveries direct from vendors under consolidated reimbursable procurement normally include the PCH costs as part of the contract price.

(b) The Defense Logistics Agency (DLA) has financial responsibility for operating costs incurred by Army depots. This is for receipt, storage, issue, and shipment of DLA materiel. DLA will reimburse Army depots for costs at the published rates.

Reimbursement will be per interservice support agreement between DLA and AMC. Requisitioners will not be assessed accessorial charges for PCH costs related to the DBOF. Exceptions are items requisitioned for FMS. Once the Army has purchased materiel from the DBOF, the materiel is Army-owned inventory. Later Army resale of these items is subject to accessorial charges for PCH at prescribed rates.

(c) Materiel ordered from the GSA by overseas requisitioners will be subject to accessorial charges for PCH. Accessorial charges will be assessed at 6 percent of the value of the materiel ordered and delivered. These accessorial charges are to be reviewed at the end of each fiscal year by GSA to determine proper surcharge rates for the next year. The rates will be furnished sufficiently in advance of the fiscal year concerned to permit budget and program planning.

(d) PCH costs for a repair or overhaul item are included in the line item value.

l. Assessment of port loading, unloading, and handling charges will be as shown in Table 37-10. These are Army costs for furnishing the materiel. They will be reimbursed by customers outside DoD and MAP. Overseas port handling costs will be subject to interdepartmental agreements.

m. Items procured outside CONUS for local use and later issued, sold, or transferred to a non-Army activity will include only accessorial costs actually incurred.

n. Activities will not return DBOF-SMA items without disposition instructions. Customers returning items not approved by the applicable wholesale manager will not cite DBOF-SMA funds for shipping.

o. The percentages in Table 37-10 apply to the billing price of materiel shipped or to the inventory standard price of materiel issued without reimbursement.

p. Accessorial charges assessed on the inventory standard price of nonreimbursable DoD excess personal property transferred to other Federal agencies may be based on actual cost. Use the actual cost instead of the standard percentage rates in Table 37-10 when the unit value of the item is \$10,000 or more.

q. U.S Army operating agencies will budget for

OMA accessorial costs as OMA reimbursables. These reimbursable costs may be handled as automatic or funded reimbursements. Accessorial charges will always be shown separately on SF 1080, except for FMS customers.

r. Credit collection for accessorial charges as a reimbursement to the OMA account.

37-28. Use of Government-owned property and Plant Equipment

a. A charge for the use of DoD assets (facilities or equipment) is required to recoup depreciation and interest on investment. Recoupment of the cost incurred through acceptance of a private party order assures that no current DoD appropriation will suffer a loss. Public Law 94-329 requires that the sale be at "not less than the value thereof." It also requires the price to include "appropriate charges" for any use of plant and production equipment. Charges for using the DoD facilities and equipment will be added to applicable billings. The asset use charge prescribed in this section applies to private party reimbursable orders that require using DoD assets in other than facilities for which rental charges are made under the use and charges clause (52.245.9) of the Federal Acquisition Regulation (FAR). To preclude a duplicate assessment, neither asset use charge nor FAR rental fees will be charged if the only DoD assets being used are special test equipment or tooling. Special test equipment and tooling costs are recouped by applying nonrecurring RDTE or nonrecurring production charges to sale.

b. The 4 percent asset use charge may be used in lieu of separate computations for costs such as depreciation, attrition (damage), or interest on investment (see paragraph *h* below). If the asset use charge will differ from the actual value added through use of DoD assets, a request for authority to use an alternative method should be submitted. The request will be according to the exceptions in paragraph 37-4.

c. Direct costs will include any contractor billings for work performed at a Government-Owned Contractor-Operated (GOCO) facility when the contract does not contain the FAR use and charges clause. When manufacturing or repair is done entirely at a Government-Owned Government-Operated (GOGO) facility, direct costs will include all DoD labor, materiel and contract costs needed to complete the work. For billing purposes, direct costs also includes the indirect cost necessary to complete the work. For training, it includes the entire course cost.

d. If an implementing agency does not supply unfunded depreciation and interest on investment figures, the four percent asset use charge may be used. Also, in instances where industrial cost figures are not available, the four percent asset use charge may be used for estimating purposes. For items

offered from procurement, and for which the customer requirement is incorporated in the consolidated Army procurement or initiated specifically for a unique requirement, the contractor must be advised of this portion of the contract. In this case, assess the following charges:

(1) If the acquisition is from a contractor-owned contractor-operated (COCO) facility utilizing Government-furnished production property, the rental provision (45.401) of the FAR will apply.

(2) If the acquisition is from a GOGO (non-DBOF) or GOCO facility, the asset use charge of 4 percent of the direct cost will apply for use of the DoD facilities.

e. The following actions are carried out in GOCO and GOGO facilities-

(1) Manufacture of new products.

(2) Repair, overhaul, and modification (non-DBOF).

(3) Training.

(4) Transportation cases.

(5) Personnel costs.

f. The 4 percent asset use charge is not applicable for an operating contract that provides for application of FAR clause 52.245.9. This includes--

(1) Repair or modification of customer-owned (private party/FMS) materiel in depots.

(2) Training at DoD installations.

(3) Use of DoD ships or aircraft for customer (private party/FMS) transportation.

g. Include the 4 percent asset use charge in the unit price of the item or service involved. It will not be a separate surcharge in letters of offer or customer billings. Each Army activity must identify the amount of the asset use charge.

h. In lieu of the 4-percent charge developed by OASD(C) through cost-finding techniques, an activity may perform the following calculations-

(1) Depreciation. Depreciation expense includes the cost of depreciable property, plant, and equipment as an operating expense over the period in which assets are expected to provide benefits. Depreciation will be charged using the straight-line method. The calculation of depreciation is illustrated in Figure 37-1.

(2) Interest on investment in assets. Both industrial funded (DBOF) and non-industrial funded activities will include in reimbursement billings to private parties an amount to recognize the interest on investment in fixed assets when such assets are acquired or manufactured for the purpose of, or prepared for use in, providing materiel to private parties. The calculation of interest on investment is illustrated in Figure 37-2.

i. Recurring support costs, for quality assurance, production engineering, and personal services are generally costed by a standard hourly contract support rate. These rates will be published annually by DA. The standard civilian hourly rate includes a

dollar value for accelerated civilian retirement cost and a 4 percent asset use charge.

j. Industrial funded installations will not apply an asset use charge to sales. Separate charges for depreciation and interest on the investment are required. Special rules apply for recoupment of depreciation at industrial funded installations (see Chapter 26).

37-29. Repair and maintenance

When repair or maintenance of items occurs, bill the costs from a cost accounting system or equivalent costs developed through cost-finding techniques.

a. Labor cost. Compute labor cost in accordance with paragraphs 37-22 and 37-23.

b. Materiel and supplies. Price in accordance with paragraph 37-25.

c. Transportation and related costs. The costs incurred in moving materiel and supplies used for repair and modification will be 3.75 percent of the standard or inventory price of the item for CONUS transportation, if applicable. Transportation of the repair item, if not paid by the customer, will be included at actual cost, if known, or at the standard percentage rates in Table 37-10 applied to the standard or inventory price of the item. For DBOF-SMA materiel do not apply a separate CONUS transportation charge when moving materiel and supplies used for repair and modifications.

d. Overhead or general and administrative costs. Compute these costs in accordance with paragraph 37-30.

e. When determining the charge for leased or loaned equipment, the following elements will be billed.

(1) Depreciation is not applicable to Federal Government agencies unless the billing activity is a working capital fund. Depreciation will be based on cost-funding techniques for sales to private parties unless actual rates are known. Calculations will be in accordance with Figure 37-1.

(2) Interest on investment in assets will be computed in accordance with Figure 37-2.

(3) Value of equipment not returned to the Army will be a sale to the borrowing organization. This sale will be priced in accordance with paragraph 37-25.

(4) Accessorial charges will be in accordance with Table 37-10.

(5) Repairs to restore equipment or property to original condition at the time issued will be collected from the using organization. The amounts may be based on either actual job order cost accumulations or estimates of the cost to be incurred based upon past repair and maintenance experience for similar equipment. The amounts collected will be returned to the appropriation financing the repair and maintenance. Direct labor costs will be computed in accordance with paragraphs 37-22 and 37-23.

Compute materiel and supply costs in accordance with paragraph 37-25. Compute overhead in accordance with paragraph 37-30.

37-30. Indirect cost (overhead)

a. Indirect costs, sometimes referred to as overhead or general and administrative costs, consist of costs that cannot readily or directly be identified in the performance of a customer order. Examples of such costs are supervision, office supplies, and utility costs. If an organization has a significant amount of reimbursable effort, such costs are accumulated in a cost pool and allocated to customers. In the absence of a cost accounting system, applicable costs may be estimated.

b. Overhead charges are not normally applied to reimbursable customer orders received between non-industrial funded activities within the Department of Defense. Since indirect costs are included in the budget and direct funding process, non-industrially funded activities may not charge indirect costs to customers within the DoD without specific statutory authority. Non-industrial funded activities are to charge overhead charges when sales are completed to other Federal agencies and to private parties. An overhead charge is not applicable for DBOF-SMA materiel, it is included in the standard price.

Section IV

Support of the International Narcotics Control Program (INCP).

37-31. Introduction

Section 632(c) of the "Foreign Assistance Act" (FAA) provides for special pricing requirements when services, including training, are provided by the Department of Defense to the Department of State (DoS) in support of the INCP. Billing will be in accordance with Chapter 12. Use the following guidelines for DoS reimbursable orders citing INCP financing.

37-32. INCP Training

The tuition rate for DoD training provided to support INCP will include the following cost elements:

a. Civilian Instructors and School Support Staff. It is anticipated that the additional cost charged to INCP for civilian instructors will be minimal for courses or groupings of courses when either the ratios of students to instructors or U.S. students to INCP students is high. Courses will be reviewed to determine the additional cost incurred as a result of attendance by INCP students. Classroom or technical courses that are similar or that utilize instructors who teach more than one course, may be grouped for computation purposes.

(1) For groups of courses, a projection will be made as to the estimated number of U.S. students who will

be in the course and the number of civilian instructors and civilian staff required. A second projection will be made of the total number of students to be enrolled in applicable courses, both U.S. and foreign, and the number of civilian instructors and civilian staff required. Both projections will be based on the maximum number of students who can be taught by civilian instructors or civilian staff rather than on optimum class size. The difference in civilian instructor and civilian staff between the two projections represents the additional civilian instructors and/or civilian staff required. Applicable additional civilian instructors and civilian staff will then be priced in accordance with this chapter. This value, divided by the total number of INCP students, represents the additional cost per INCP student for the course (or courses).

(2) When there is a one-for-one or one-for-two relationship of civilian instructors to students, the instructor in all cases will be considered additional. If the entire class is composed of INCP students, the instructor and staff will always be considered additional.

b. Military Instructors and Military School Support Staff. There will be no charges to the INCP program for military personnel conducting training courses.

c. Equipment Overhaul and Maintenance. The overhaul and maintenance of major items of equipment, when computed on an hourly use basis, will be additional to a course based on estimated utilization hours.

d. Simulators. Simulator hours will be additional. Simulator costs will include pay of the operators, supplies, and equipment maintenance. Simulator costs will be allocated to the course in the same ratio as hours used bear to the total hours available.

e. Supplies, Materiel, Training Aids, Ammunition. Additional cost will be the replacement cost of items that are not returned or reusable (including petroleum, oil, and lubricants (POL)) used in conducting the training.

f. Lost or Damaged Equipment. If equipment was lost or damaged during training and it was found to be the result of a foreign student's action, the additional cost will be the actual costs of the repairs or replacement cost of the equipment.

g. Base Support (Indirect Student costs). A standard weekly rate will be charged for INCP training conducted on DoD installations. The fixed weekly amount will be the same as used for billing DoD appropriations that finance the International Military Education and Training (IMET) program. (see DoD 1338.10-M, Manual for the DoD Food Services Program (P & L))

h. Food Preparation. The food preparation surcharge is additive to food cost. The weekly food preparation surcharge for INCP students will be the same as that used in billing DoD appropriations that

finance IMET training when courses are conducted on DoD installations and students use DoD messing facilities. See chapter 7, DoD Financial Management Regulation, DoD 7000.14-R, Volume 15, Security Assistance Policy and Procedures for additional details.

i. Instructor Training. The training of U.S. instructors or other personnel for special courses normally not conducted for U.S. personnel will be considered additional. When the required training is conducted at a U.S. training facility, the INCP program (DoS) will be charged the normal course cost. When the special course is conducted by a Management Service Team (MST) away from the normal training institution, the service of the MST will be treated as a dedicated service and full cost billed to the INCP program.

j. Facilities and Equipment. Any facilities or equipment acquired primarily for the support of foreign students enrolled in the INCP program will be considered additional.

k. Information Program. The full cost of the information program to the U.S. Government is additional.

l. Shipment of Instructional Materials. The shipment of instructional materials to students will be included in the INCP tuition rate. The shipping charge will be the same as that used in billing DoD appropriations that finance IMET training. See chapter 7, DoD Financial Management Regulation, DoD 7000.14-R, Volume 15, Security Assistance Policy and Procedures for additional details. This material is to be packed and labeled at the training installation and shipped via the most expeditious means to the Security Assistance Organization (SAO) of the respective country for delivery to the trainee. A copy of the student's invitational travel order will be placed inside the package. The training installation will ensure that no personal baggage or other unauthorized matter is shipped with the instructional material.

m. Travel and Per Diem. Instructor and student travel and per diem cost associated with the provision of training will be considered additional, including transportation, living allowances, and medical expenses.

37-33. Other DoD Service

a. DoD Services Provided Incident to Normal Mission Accomplishment. When support of INCP is accomplished incidental to performance of a DoD mission requirement, there are no additional costs incurred. However, if a mission was extended or the cost was otherwise increased, the cost over and above the scheduled mission cost will be reimbursed.

b. Scheduled DoD Transportation. Price air and ocean transportation services performed by the Air Mobility Command and the Military Sealift Command (MSC) on schedule movements, where applicable,

at current tariff rates for U.S. Army.

c. Detailed Personnel. All costs incurred in connection with the detail of U.S. Army personnel to the DOS to support the INCP--both civilian and military--are considered additional expenses and, as such, will be priced at the normal rate charged to other Federal agencies.

37-34. Supplies and Equipment

Section 482 of the FAA prohibits the procurement of weapons or ammunition from funds authorized to be appropriated for this program. Thus, any specific order for a weapon or ammunition that cites the appropriations provided to finance INCP must either be rejected or returned for a new fund citation. Price supplies and equipment in accordance with this chapter (see paragraph 37-25).

37-35. Disposition of Proceeds

Section 632(c) of the "Foreign Assistance Act" (FAA) provides that applicable collections from the DOS will be returned to the financing DoD appropriation account.

Section V

Unofficial Telephone Service at DoD Installations.

37-36. Introduction

It is the DoD policy to consider as official only that telephone service used for the conduct of official U.S. Government business. Telephone service provided by the U.S. Army and used for personal or other unofficial purposes, as authorized by DoD Directive 4640.3 (Unofficial Telephone Service at DoD Activities), will be charged to the person placing the call. This applies whether the facilities are U.S. Government-owned or U.S. Government-leased or are under a written contract or implied agreement with a commercial communications company.

37-37. Classes of DoD Telephone Service

Classes of telephones installed on or in the immediate vicinity of an U.S. Army installation and connected to a DoD switchboard are:

a. Class A (Official). Telephones that are authorized for the transaction of official U.S. Government business and that have access to commercial telephone company central office and toll trunks.

b. Class B (Unofficial). Telephones installed for unofficial use meeting the criteria established without direct access to official use only private branch exchange (PBX) trunks (that is, Defense Switched Network (DSN), wide-area telephone service (WATS) direct distance dialing, toll circuits, and other tie lines). These telephones are further designated as follows:

(1) B-1 Telephones. Installed in U.S. Government-owned or U.S. Government leased quarters assigned

for family or personal use or in private or rental housing occupied by DoD personnel.

(2) B-2 Telephones. Installed for the use of activities at a military location such as public schools, American Red Cross, motion picture services, exchanges, credit unions, noncommis-sioned officer's and officer's messes, Boy Scouts, Girl Scouts, nurseries, thrift shops, and commercial contractors, concessionaires, and other business firms operating on behalf of the DoD within, or in the immediate vicinity of an U.S. Army installation.

(3) When either party line service or restricted service that does not have access to central office and toll trunks is provided, such service may appear as a subdesignation of the above-listed classes of unofficial telephone service.

c. Class C (Official-Restricted). Telephones that are authorized for the transaction of official U.S. Government business that do not have access to telephone company central office or toll trunks.

d. Class D (Official-Special). Telephones that are restricted to special classes of service such as fire alarm, guard alarm, and crash alarm.

37-38. Accounting Procedures

a. Detailed accounting procedures will be used to identify, accumulate, and record operating revenues and operating expenses. Service-charge billings and collections from purchasers will conform with the Army cash management and debt collection policies prescribed by this regulation.

b. Operating expenses for unofficial telephone service furnished to purchasers may be paid from appropriated funds (see DoD Directive 4640.3, Unofficial Telephone Service at DoD Activities)

37-39. Schedule of Rates

a. Flat monthly rates for the provision of the various classes of unofficial telephone service by U.S. Government-owned or U.S. Government leased telephone facilities in the U.S., including Alaska and Hawaii, will be the same as those prescribed by the local commercial communications common carrier providing city trucking to the local base, post, or station. The rates will exclude any mileage or special facility construction charges that the local carrier may charge to the public. The rates will vary according to the type of services provided, such as private lines, multiparty lines, and extension telephones.

b. Flat monthly rates for the provision of Class B-1 and Class B-2 unofficial telephone service by U.S. Government-owned or U.S. Government-leased telephone facilities in overseas locations will be established by the C, DoD. The rates will be charged, unless otherwise prohibited by Status of Forces Agreements.

c. Recurring and nonrecurring charges for special and miscellaneous equipment provided a purchaser,

including all service connections and movement of equipment for which flat rates have not been established, will be charged to the purchaser at the prevailing local commercial rate for similar service.

d. The flat monthly rates for unofficial telephone service are applicable whether the commercial communications company furnished flat or measured services. The flat rates will entitle the purchaser to make local calls for which the basic rate is one message unit. In areas where more than one message unit zone exists, the DoD installation may use call-diverting equipment to control its costs and to establish a basis for charging the purchaser for such costs.

e. When U.S. Government-owned quarters are occupied by employees of contractors operating U.S. Government-owned plants and unofficial telephone service is provided from a DoD switchboard, Class B-1 service will be provided in accordance with the established rate.

37-40. Charges for Unofficial Telephone Service

a. The purchaser will pay all charges for unofficial use of telephone service provided from a DoD switchboard. Charges for extensions, special or miscellaneous equipment and installation costs thereof, and toll call and telephone charges when incurred will be added to the basic monthly rate. Taxes will be assessed as applicable. However, purchasers may not be assessed an additional charge for unlisted telephone number service. Listing of telephone numbers in the DoD installation directory is considered a locator service rather than a telephone service. Personnel have the option of having their personal phone numbers listed or unlisted in the directory and may not be charged an additional fee in either case.

b. U.S. Army activities may require an advance payment or a deposit.

c. U.S. Army activities will bill purchasers all flat-rate charges on the first regular monthly bill following incurrence of the service.

d. When a purchaser has received service for only a fraction of the billing period, the monthly charge will be prorated. Tables of fractional charges and credits may be used to determine the amount of the prorated charge.

e. Collections received will be credited to appropriations currently available for supplying such services. Reimbursement for DoD provided unofficial telephone services in:

(1) The U.S. will be credited to appropriations currently available for supplying such services.

(2) Overseas locations, except for industrial fund activities, will be distributed proportionately, based on the overseas flat-rate cost elements, to appropriations and miscellaneous receipts of the U.S. Treasury in the following ratio: 70 percent to

operations and maintenance; 25 percent to military personnel, and 5 percent to miscellaneous receipts of the U.S. Treasury.

(3) Industrial fund (DBOF) activities in overseas locations that provide unofficial telephone service will retain reimbursements to the extent that expenses were incurred to provide those services. Any excess of reimbursements over associated expenses will be credited to miscellaneous receipts of the U.S. Treasury.

Section VI Specialized or Technical Services to State and Local Governments.

37-41. Overview

It is the policy of the U.S. Army to cooperate to the maximum extent possible with state and local units of government to provide specialized or technical services. Such services generally will supplement and not supplant any services provided under other authority.

a. The following specialized or technical services and related facilities that may be provided under Title III of the Intergovernmental Cooperation Act of 1968.

(1) Any existing statistical or other studies and compilations, results of technical tests and evaluations, technical information, surveys, reports, documents, and any such materials which may be developed or prepared in the future to meet the needs of the U.S. Government or to carry out the U.S. Army's normal responsibilities.

(2) Preparation of statistical or other studies and compilations, technical tests and evaluations, technical information, surveys, reports, documents, and assistance in the conduct of such activities, and in the preparation of such materials, provided they are similar to those that the U.S. Army is authorized by law to conduct or prepare.

(3) Training of the type that the U.S. Army is authorized by law to conduct for DoD personnel.

(4) Technical aid in the preparation of proposals for developmental and other projects for which the U.S. Army provides grants-in-aid or other assistance, provided such aid primarily develops recipients' capability to prepare their own proposals.

(5) Technical information, data processing, communications and personnel management systems services, and technical advice on improving logistical and management services that the U.S. Army normally provide the DoD for themselves or others under existing authorities.

b. Any of the above listed specialized or technical services provided by the U.S. Army to the States and their political subdivisions under other authorities may also be provided under the authority of OMB Circular A-97.

c. If the U.S. Army receives a request for

specialized or technical services that is not covered above but that is consistent with OMB Circular No. A-97 (Rules and regulations permitting Federal agencies to provide specialized or technical services to State and local units of government under Title III of the Inter-government cooperation Act of 1968) and which the activity has a special competence to provide, forward the request through channels to the Assistant Secretary of Defense (Productions and Logistics) (ASD(P&L)) for submission to OMB for review. If there is doubt whether the service requested is covered, the U.S. Army will forward the request, through channels, to the ASD(P&L) for review.

37-42. Conditions for services

Specialized or technical services covered under OMB Circular No. A-97 (Rules and regulations permitting Federal agencies to provide specialized or technical services to State and local units of government under Title III of the Inter-government cooperation Act of 1968) may be provided at the discretion of the DoD Component head only under the following conditions:

a. Such services will be provided only to the states, their political subdivisions, and combination or associations of such governments, their agencies, and instrumentalities.

b. Such services will be provided only upon the written request of a state or its political subdivision. Requests normally will be made by the chief executive of such entities and will be addressed to the head of the DoD Component involved.

c. Such services may not be provided unless the DoD component providing the services is providing similar services for its own use under the policies set forth in OMB Circular No. A-76 (Performance of Commercial Activities). The requesting entity will certify that such services cannot be procured reasonably and quickly through ordinary business channels.

d. Such services may not be provided if they require any additions of staff or involve expenditures for additional equipment or other facilities solely for the purpose of providing such services, except when the costs of such services are charged to the user.

e. Such services will be provided only upon payment or provision for reimbursement to the U.S. Army involved by the unit of government making the request. This includes salaries and all other identifiable direct and indirect costs of performing such services.

f. Technical information provided under the provisions of this section will not be further disseminated to third party governmental entities or associations, unless expressly authorized by the U.S. Army.

g. If a request for a service is denied, the U.S. Army will furnish a statement to the entity making the

request indicating the reasons for the denial.

37-43. Pricing

Specialized or technical services to State and local governments provided under authority of Title III of the Intergovernmental Cooperation Act of 1968 will be priced as a sale to private parties at the full costs to the U.S. Army.

37-44. Disposition of proceeds

Payments received by the U.S. Army for the costs of such service will be deposited to the credit of the appropriation or account from which the costs of providing the services have been paid or are to be charged. Unfunded portions of the costs of such services will be deposited to miscellaneous receipts of the U.S. Treasury.

Section VII User Charges

37-45. Overview

DoD does not compete with commercial facilities to provide special services or to sell or lease property to private parties and agencies outside the Federal Government. When a service or sale is made that gives special benefits to recipients beyond those accruing to the public at large, a reasonable charge will be made. Exemptions can be authorized by the Secretary of Defense. (see paragraph 37-52)

a. Special services. A charge will be made to recover the full cost of a special service or the fair market value, whichever is higher. Fair market value will be in accordance with commercial rates in the local geographical area. If there is no known market value, charges will be on recovery of full costs. A special benefit will have accrued and a charge made when --

(1) The recipient obtains an immediate or substantial gain or value other than those which accrue to the general public. These may or may not be measurable in monetary terms.

(2) Service is performed at the request of the recipient and is more than the services regularly received without charge to the general public.

b. Lease or sale. When federally owned resources are leased or sold, fair market value will be obtained. Fair market value is the use of sound business management principles and comparable commercial practices. Charges on fair market value need not be limited to recovery of costs; they may produce net revenues to the Government. If there is no known market value, fair value for the sale of materiel on standard-priced items, accessorial, asset use, and administrative surcharges will be made. The Arms Export Control Act (AECA) authorizes lease of defense articles to foreign governments or international organizations under MAP or FMS (PL

97-113).

c. Use of Army aircraft. Charges for use of Army-owned aircraft by non-Government organizations, agencies, and individuals will be at current reimbursement rates.

37-46. Exclusions

a. User charges do not apply to the following:

(1) Morale, welfare, and recreation services to military personnel and DoD civilian employees.

(2) Sale or disposal of surplus property under approved programs.

(3) Services furnished the general public under the Armed Forces recruiting program.

(4) Services furnished the public information media or the general public in the interest of public understanding of the Armed Forces.

(5) Records made available to the public. (This does not mean charges will not be made.) Examples of these records are those --

(a) For services furnished to non-Government audiovisual media. (see AR 360-5, Correspondence Distribution.)

(b) For Armed Forces participation in public events. (see AR 360-6, Information Policy Guidance on Military Support of Civil Defense.)

(c) Under the Freedom of Information Act amendments of 1974.

(6) Requests for release of Government-developed computer programs to non-Government customers.

(7) Fees for certain water resources and projects (power, flood control, and irrigation).

(8) Interest rates.

(9) Sale or transfer of defense articles and services to foreign governments and international organizations under the MAP or FMS.

(10) Sale of services and materiel to nonappropriated fund activities (except benefits to nonappropriated fund concessionaires).

(11) Sale of services and materiel to other Government agencies or to contractors under U.S. Government contracts.

(12) Loans of defense articles to foreign governments or international organizations. These loans are covered in section 503 of the Foreign Assistance Act and DoD 5105.38-M, Security Assistance Management Manual.

(13) Government-developed computer programs to non-Federal customers.

(14) Pricing of performance by industrial fund activities which will be in accordance with Section III of this chapter.

b. Fees and charges now in effect will not be reduced or eliminated (see Table 37-11).

37-47. User-type fees and charges

By charging user fees, the U.S. Government recovers the cost of services provided. The following

are examples of user fees and charges:

a. Special services.

(1) Tuition fees for non-Army dependents attending Army schools.

(2) Health services.

(a) Inpatient and outpatient treatment for persons not entitled to free treatment. These persons are foreign seamen, foreign nationals residing in the United States, foreign visitors, security assistance trainees, employees of U.S. contractors overseas, and non-indigent civilians in emergencies. Charges are prescribed in AR 40-3, Medical, Dental and Veterinary Care and AR 40-330, Rates, Codes and General Policies for Army Medical Department Activities.

(b) Inoculations and blood tests. These services are provided only under special circumstances.

(3) Transportation services including motor, rail, and terminal services. Examples are--

(a) Tugs.

(b) Dockage.

(c) Line handling.

(d) Port handling.

(e) Railroad siding.

(f) School bus.

(g) Employee.

(4) Fire protection.

(5) Fees for copying and search of records.

(6) Utilities (For repetitive, ongoing services, see AR 420-41, Acquisition and Sales of Utilities Services).

(a) Electricity.

(b) Water.

(c) Sewage.

(d) Refuse collection.

(e) Steam.

(f) Heat.

(g) Compressed air.

(h) Class B telephone service to military and civilian personnel.

(7) Commissions on telephone pay stations.

(8) Revenue from the Interchange Fleet.

(9) Revenue from washers, dryers, and vending machines (other than nonappropriated funds).

(10) Laundry service.

b. Lease or sale.

(1) Rental of Government facilities by private banks, concessionaires, and contractors. This includes utilities furnished.

(2) Rental and sale of real and personal Government property to private contractors, municipalities, and others.

(3) Rental of quarters (Capehart, Wherry, or others).

(4) Rental of vehicles and equipment.

(5) Rental of land.

(6) Rental of trailer space.

(7) Lease of commercial space, such as agricultural

and grazing areas.

- (8) Lease of vessels.
- (9) Lease of refrigeration lockers.
- (10) Use of Government waterlines.
- (11) Sale of water to ships chandlers.

37-48. Special services

a. Charges for special services will be based on total costs to perform such services. These will be available or estimated from records or fair market value, whichever is higher. It will not be the value of the service to the recipient. Cost accounting systems will not be established solely to determine charges; results of existing cost accounting systems will be used. Costs will include all direct and indirect costs. Examples are as follows:

- (1) Civilian wages and costs of leave and Government contributions for retirement, medical expense, and life insurance.
 - (2) Full cost of military personnel services. These services include retirement and other personnel support, leave, and PCS factors as prescribed in this regulation.
 - (3) Cost of materials, supplies, travel expenses, communications, utilities, equipment, and property rental. Also included are maintenance and depreciation of property and equipment.
 - (4) An asset use charge of 4 percent of direct costs or actual depreciation and interest on investment in DoD-owned fixed assets.
 - (5) Cost of research and establishing standards when directly associated with the service performed.
 - (6) Other operational, administrative, and accessorial costs incurred by the activity while establishing standards and regulations and research in support of the service performed will follow guidance in Section III of this chapter.
- b. Interest on Government investment in DoD-owned capital assets (land, buildings, and equipment) will equal the net book value of facilities or equipment times the interest rate. The interest rate to be used is 10 percent.
- c. Base charges and fees established in advance of performance on the estimated cost of performance (including applicable depreciation), pro rated over the period of performance. Review projected amounts annually or whenever significant changes in cost or value occur.

37-49. Lease or sale of property

Charges for lease or sale of property will be based on the following --

- a. Sale of materiel. When there is legal authority to sell materiel to the public, price the materiel, including related accessorial and administrative costs in accordance with Section III of this chapter.
- b. Lease or rental of property.
 - (1) Fair market value for lease or rental of proper-ty

normally will be the same as commercial rates for similar property in the local geographical area.

(2) When lease or rental of military equipment has no commercial counterpart, fair market value will be computed on annual rent or the sum of annual depreciation plus interest on investment. The interest on investment is 10 percent applied to the net book value (acquisition cost, plus additions, less depreciation). Support and administration expenses are extra.

(3) Lessees will assume risk of loss or damage to property and will not hold the U.S. Government responsible for any claims or liabilities by either the lessee or third parties.

(4) For real estate outgrants, the leasing activity will recover the higher of the fair market value of the asset being leased or the administrative costs of issuing land processing an outgrant.

37-50. Waiver or reduction of fees

Charges may be waived or reduced when the following conditions apply:

- a. Recipient of the benefits is engaged in nonprofit activity that has occasional and nonrecurring benefits designed for public safety, health, or welfare.
- b. Payment of full costs or fees by State, local government, or nonprofit groups is not in the interest of the program. (This is not intended to give blanket authority of free services to State and local governments. Therefore, care must be taken to assure that negotiations are entered into and agreements made when such services are furnished.)
- c. The service is a courtesy to a foreign country or international organization, or comparable fees are on a reciprocal basis with a foreign country.
- d. The incremental cost of collecting the fees would be an unduly large part of the receipts from the activity.
- e. Health care fees, when authorized under AR 40-3, Medical, Dental and Veterinary Care, are waived.

37-51. Review of fees and charges

User fees and charges will be reviewed when significant changes in costs occur. (see paragraph 37-4). Charges will be reviewed at least once each year to determine if any should be changed or discontinued. The schedule of fees listed in Table 37-11 will be reviewed when requested by higher authority. When collection of fees or charges are limited or restricted by existing law, proposals for change will be submitted through channels to DFAS-Indianapolis Center, ATTN: DFAS-IN/AM, 8899 East 56th Street, Indianapolis, IN 46249-2201.

37-52. Exemptions

No fee will be collected for services requested if furnishing such services agrees with established

policy, services do not interfere with the mission of the furnishing agency, and funds are available to cover costs. These services include the following:

a. Requests by members of the Armed Forces when the service is required by members of the Armed Forces. Services may include requests involving property or other resources of DoD.

b. Requests by members of the Armed Forces in a casualty status or by the next of kin or legal representative, or requests for information from any source relating to a casualty.

c. The address of record of an Active Duty member or former member of the Armed Forces when furnished informally through local directory (locator) reference and requested by--

(1) A member of the Armed Forces, a relative, or legal representative of the member.

(2) Any source when the address is required for paying moneys or forwarding property to a member or former member of the Armed Forces. (see paragraph r below.)

(3) A custodian or manager of property owned by a member or former member of the Armed Forces for communicating with the addressee about the property.

d. Services requested by or on behalf of a member or former member of the Armed Forces, if deceased, their next of kin or legal representative for--

(1) Information required to obtain financial benefits, regardless of the terms of separation from service.

(2) Documents showing membership and military record in the Armed Forces if discharge or release was under honorable conditions. (Exceptions are in (1) above and (4) below.)

(3) Information related to a decoration or award or information required for memorial purposes.

(4) Review or change in type of discharge or correction of records.

(5) Personal documents, such as birth certificates, required to be furnished by the individual.

e. Services furnished free when under statutes or executive orders.

f. Information from or copies of medical and dental records or X-ray films of patients or former patients of military medical or dental facilities. Requests must be made by an accredited medical facility, physician, dentist, or the patient's next of kin or legal representative.

g. Services involving confirmation of employment, disciplinary or other records, or salaries of active or separated civilian or military personnel. Requests could be by prospective employers or recognized sources of inquiry for credit or financial purposes.

h. Services requested by and furnished to a Member of Congress for official use.

i. Services requested by a State, territorial, county, or municipal government or any agency carrying on a function related to a DoD objective.

j. Services requested by a court if used as a substitute for personal court appearance of military or DoD civilian personnel.

k. Services requested by a nonprofit organization carrying on a function related to an objective of the Federal Government or in the interest of public health and welfare. The service would be of occasional or nonrecurring benefit.

l. Services requested by a person or corporation under Federal contract or grant carrying on a function for an objective of the Federal Government. The costs involved would be chargeable to the contract or grant held by the individual or corporation.

m. Services requested by donors with respect to their gifts.

n. Requests for occasional or incidental services (to include requests from a resident of a foreign country) if a fee would be inappropriate.

o. Requests from Federal employees for the completion of claims for reimbursement under the Federal Employee Health Benefit Act of 1959.

p. Administrative services provided in reference or reading rooms for public inspection of records, except for copies of records or documents.

q. Requests for military locator service by a financial organization located on a DoD installation. (see AR 210-135, Banks and Credit Unions on Army Installations.)

r. Requests for military locator service from financial agencies using the composite check program. These requests for address of record will include--

(1) A statement that the agency is listed as a composite check recipient in the U.S. Treasury Bureau of Accounts Financial Organizations Directory.

(2) A statement that the person whose address is requested has a direct deposit made by a DoD disbursing officer.

(3) The person's account number.

s. Services given in response to requests for classification review of DoD classified records submitted under Executive order 12065. (see AR 380-5, Department of the Army Information Security Program). These services consist of work done during classification review and in granting and carrying an appeal from denial of declassification to completion.

t. Any services of a humanitarian nature performed in certain emergency situations. These include:

(1) Life-saving transportation for patients other than those of the U.S. Armed Forces.

(2) Search and rescue operations.

(3) Airlift of personnel and supplies to a disaster site. Agreements to recover all or partial costs should be negotiated. The recipient or beneficiary should not be assessed a user charge.

37-53. Collections

a. Collect charges and fees before the service is

furnished. At times, it may be more practical to collect charges and fees when the service or property is rendered; for example when preservation of life or property is involved, performance is authorized by law without advance payment, or advance payment is impractical because multiple requests for services are received on a continuing basis from a reliable requester (that is, consistently prompt payments for services received). The use of accounts receivable collection procedures may be practical when multiple requests for service are received. Follow appropriate guidance in this regulation when the benefiting appropriation is one in which fund availability is established using reimbursable procedures.

b. Services will be paid for in cash, check, or money order.

37-54. Disposition of collections

a. All collections received will be delivered daily to the finance and accounting officer. If daily delivery is not practicable, delivery will be made weekly. For each delivery of funds, DD Form 1131 (Cash Collection Voucher) will be prepared. The form will show the--

- (1) Name of remitter.
- (2) Purpose of remittance.
- (3) Account or funds to be credited and amount.

b. When the volume of services furnished requires maintenance of a separate record of purchasers, DD Form 1131 will be prepared in summary. The name or title of the collecting agent will be shown as the remitter, and the list of purchasers will be included.

c. Scheduled fees and charges collections will be deposited to Miscellaneous Receipts of the Treasury. When authorized by law or by both law and implementing instructions, collections will be deposited to the appropriation or fund from which financial support is drawn. Collections in excess of full costs resulting from charges based on fair market value also will be deposited to Miscellaneous Receipts of the Treasury.

d. Utilities and services collections for leased property will be deposited to the appropriation or fund used for operation of the equipment and facility. When authorized by law, proceeds from the sale of property, other than those related to the disposal and exchange sale programs, will be credited to the appropriation or fund used for replacement. For property not to be replaced, sale proceeds will be deposited to Miscellaneous Receipts of the Treasury.

e. Use the appropriate internal control checklists to ensure compliance with cash management and debt collection policies.

37-55. Refunds

Refunds will be made only when the excess fee is more than \$1. These amounts will be credited to

account 21X6875, Suspense, Department of the Army, from which refunds will be made. Excess fees of \$1 or less will be deposited in the proper receipt account. No refund of fees will be made because of changes in regulation, directive, or fee schedule.

Section VIII

Sale of materiel and services to U.S. companies for direct commercial sales and exports

37-56. Pricing

a. Charge the same price as those established for sales under the FMS program of the same Army articles and services. All FMS surcharges for accessorial and administrative costs are applicable.

b. Billing to contractors will itemize each accessorial and administrative costs separately from the item price.

c. Deposit proceeds from the administrative charge as required by the DoD Financial Management Regulation, DoD 7000.14-R, Volume 15, Security Assistance Policy and Procedures.

d. DoDD 4175.1 (Sale of Government Furnished Equipment on Materiel and Service to U.S. Companies for Commercial Export) provides authority for the sale of Government-furnished materiel (GFM) or Government-furnished equipment (GFE) items only if the support items cannot be purchased directly from a U.S. commercial source in a timely manner to meet a required delivery schedule.

Section IX

Training

37-57. Non-DoD Federal agency and Non-Federal Government training

A non-DoD Federal agency that properly includes students in the Army training system and is included in the U.S. Army budget normally will not be charged. This would be a preplanned space required for the training. Non-DoD Federal agency students attending training on a space-available basis will be charged as indicated below:

a. A pro rata share of all direct cost (see paragraph 37-58), consistent with Section III of this chapter, will be charged. Accordingly, exclude the unfunded fringe benefit cost of civilian labor, asset use, and the materiel nonrecurring recoupment charge. Students will pay the inventory price rather than the replacement cost for items. Industrially funded training activities will charge for actual depreciation.

b. Items of indirect cost are chargeable.

c. Non-Federal Government students are those from state and local government agencies, private industry or business, educational institutions, nonprofit organizations, and quasi-government groups. Providers will charge the full pro rata cost of

instruction and base support whether the student load is based on a space-required or space-available basis. The tuition rate will be the same as that in paragraph 37-58. Items of indirect cost will be charged. Services will not be provided if they require additional staff, equipment, or facilities solely to provide such services. An asset use charge and an administrative fee will be included.

37-58. Directly identified or allocated tuition costs

a. These are costs directly related to the activity training the student instead of the base on which the training activity is located. Included are dedicated and non-dedicated school brigade troops and school support troops. Direct costs include pay of instructors, staff and faculty, and costs related to service school operations. All training activity costs are chargeable except--

(1) Costs for combat or training development (less course development), nonresident instruction, or other activity that offers no support to the resident training mission and a pro rata share of school overhead costs to support these elements.

(2) Costs for units attached to the training activity with duty station at another location not involved in training of foreign military trainees (FMTs).

(3) Costs for under used capacity and mobilization requirements (to the extent cost impact can be identified and documented). Under used capacity refers to temporary absence of base troops on maneuvers, exercises, special assignment, or the use of installation or activity as a temporary holding activity.

(4) Costs for minor construction, maintenance, and repair of hospital and medical building and family housing management account reimbursement.

b. Instructor salaries, allowances, and other related costs will be computed by dividing the total annual costs by the total training staff-weeks (TSW) and multiplying the results by the number of weeks in the course. Total TSW is computed by multiplying the length (in weeks) by the number of students and then summing all courses taught at the school. Alternately, instructor costs may be allocated by the instructor contact hour (ICH). Total instructor costs divided by total ICH will be used if a more equal distribution will result.

c. Administrative and support personnel salaries and allowances will be computed by dividing the total annual costs by total TSW and multiplying the results by the number of weeks in the course. TSW is computed by multiplying the length (in weeks) by the number of students and then summing all courses taught at the school.

d. TDY costs will be allocated to courses on the basis of a causal or beneficial relationship. Causal is for TDY that benefits a specific course. Beneficial is for TDY that benefits the whole training operation.

(1) TDY that benefits one or more courses should be directly allocated. To prevent double charging a course for TDY, all directly allocable travel must be eliminated from the TDY included in the indirect cost pool.

(2) TDY that benefits the whole training operation will be allocated to all courses. To arrive at the course cost, divide total indirect TDY costs by total TSW; then multiply the result by the course length of each course.

e. Costs of training materials, equipment, supplies, aids, munitions, and organization and course specific individual clothing and personal equipment will be charged to the course. Training materials and aids prepared above the level that are readily identifiable to a course will be included as a direct cost. If not identifiable, costs will be distributed to courses the same as for indirect TDY costs. Double charging for a course must be avoided.

f. Depot-level maintenance cost of major end items will be charged to the course at the budgeted average hourly item repair cost, which includes civilian pay, contractual effort, and supplies. These costs must be adjusted to include military pay and centrally procured equipment and parts. The average hourly cost will be multiplied by the hours programmed for use in the specific course.

g. Base engineer and other directly related support costs allocable to training operations will be distributed to courses on the basis of total training hour support.

37-59. Indirect base operating costs

a. All other indirect base operating costs, after exclusions, will be initially allocated to major claimants, such as training and tenants. The amount allocated to training will then be distributed to significantly different areas of training, such as flying operations, classroom training, and equipment maintenance. Allocations will be made at the installation level on the basis of military and civilian population, percentage of maintenance, or active square feet of building space. Allocations must be equal to the benefits received. The amount allocated to student will be reduced by 5 percent because of inappropriate costs. This includes chapel, equal rights office, alcohol treatment, and special services.

b. Costs to support or operate quarters and family housing complexes that apply to instructors and training support personnel will not be allocated to tuition rates. These costs are recouped in base personnel salaries.

c. To recoup the cost for use of base assets, apply a 3 percent asset use charge to the total course cost.

Section X

Nonrecurring costs collection domestic sales

37-60. Overview

a. All sales of non major defense items made after June 26, 1992, will have no non recurring cost (NC) charges included, unless the DoD contract with the seller requires the charge. All commercial sales of MDE made after October 7, 1992, will have no NC charges included, unless the DoD contract with the seller requires the charge. For co-production or licensed production agreements entered into after October 7, 1992, will have no nc charges included, unless international agreements exist to the contrary. Amendments (after June 26, 1992) to commercial contracts are treated as new cases for the increases in quantity; thus, NC charges will not apply to the incremental quantity increase. Calculate NC recoupment charges on a building-block approach o recover a pro rata share of DoD costs. Review NC recoupment charges for changes every two years. And activities should review DoD Directive 2140.2, Recoupment of Non-recurring Costs on Sales of U.S. Items, and all amendments to this directive.

b. All DoD contracts for RDTE or acquisition will include a mandatory clause that requires the contractor to pay the United States Government (USG), within 30 days following delivery of each item from the contractor's facility or purchaser's acceptance (whichever comes first), the established NC recoupment charge for any domestic or international direct sale, co-production, or licensed production of DoD-developed items or technology (See DoD FAR Supplement 25.7306, 35.71, 52.235-7002). This clause must also require that for each payment the contractor must specifically identify each Department of State export license number and/or Department of Commerce export license number and how much of the total remitted is applicable to each.

c. A contracting officer must become aware of negotiations between a commercial firm and a domestic customer. He or she will then notify the contractor of any requirement to pay the USG a prorated NC recovery charge. A copy will be sent to HQDA SAFM-BUI-I, WASH DC 20310-0665. They will specify the amount, where payment is to be made, and the requirement for DA to approve the amount.

d. Contracting officers will request security assistance approval through command channels to HQDA SAFM-BUI-I, to include the DoD FAR Supplement clause 52-235.7002 for all RDTE and production contracts and subcontracts of \$1 million or more.

37-61. Collection-direct sales

Each contractor seeking to make a direct sale of U.S. military materiel to a foreign government submits an export license application. This need not be the controlling factor, but it is a document to collect NCs.

a. U.S. Army activities reviewing the application will

show on DA Form 4605 (Department of the Army Munitions Control Case Processing) the amount of NC to be recovered for each item to be sold.

b. DoD FAR Supplement clause 52.235.7002, implementing DoD FAR Supplement clause 35.7103(a), is to be included in all RDTE and production contracts and subcontracts of \$1 million or more. This clause requires contractors to--

(1) Notify contracting officers whenever they intend to make direct sales.

(2) Request the surcharge rate due the USG for each item sold.

(3) Reimburse the USG when direct sales are made.

c. The resource manager of each U.S. Army activity must set a suspense for collecting costs on each case. Controls to ensure collection should be established at the time the export license is sent to MACOMs recommending approval. The information will be sent to the appropriate contracting officer. When notice is received from U.S. Army Security Assistance Command (USASAC) that the export license application has been approved by the Department of Defense, the contracting officer will ensure that collections are made from the contractor by sending the contractor notification that--

(1) A nonrecurring cost surcharge is due in the amount of "X" dollars per unit contingent upon approval of the export license application by the Department of State and subsequent shipment of the items. Payment is due within 30 days of the shipment.

(2) The contractor must notify the contracting officer if the export license has not been approved or the pending sale was not consummated.

d. Reimbursement will be made in the same way payments are received by the contractor from the customer. For example, if the contractor receives progress payments or cash in advance, the payment to the USG will be made accordingly.

e. A suspense will be established and cross-indexed to export license application numbers. This will ensure that collections received from contractors are credited to the applicable accounts for each item sold.

(1) Nonrecurring RDTE collections will be credited to Miscellaneous Receipts Account 21R3041.0002.

(2) Nonrecurring production cost collections will be credited to Miscellaneous Receipts Account 21R3041.0001 by the Major Subordinate Command.

Section XI

U.S. Agency for International Development

37-62. Accounting for the U.S. Agency for International Development

a. Overview.

(1) This paragraph prescribes accounting

procedures governing--

(a) The services performed by the U.S. Army for USAID.

(b) The method by which USAID will request the U.S. Army to furnish certain commodities and services.

(c) The method of reimbursement to the U.S. Army for such commodities and services.

(2) This paragraph applies to commodities and services furnished by the U.S. Army to USAID programs. Use these provisions in conjunction with AR 12-10. (See (3) below for exceptions.)

(3) This paragraph does not apply to transactions for separate USAID agreements with specific U.S. Army commands or activities that contain provisions about reimbursable billings.

b. Responsibilities.

(1) Agencies (see (2) thru (4) below) will--

(a) Act as a USAID agent in the procurement of commodities and services as directed by the following procurement actions issued to the U.S. Army by USAID:

1. Procurement authorization and purchase requisitions.

2. Project implementation orders.

3. Specification memorandums.

4. Purchase orders.

(b) Transfer the commodities or furnish the services to, or for the government of the cooperating country or to the USAID representative in the cooperating country. Make the transfer according to the terms and provisions of purchase requisitions.

(c) Bill USAID for the cost of the procurement of commodities or services authorized in the purchase requisitions including accessorial and related shipping costs.

(d) Try to supply materiel and meet established shipping schedules but will not be liable for any delay or failure to deliver any commodity or service ordered by USAID.

(2) DFAS-IN will monitor the agreement between DOD and USAID and between the U.S. Army and USAID.

(3) AMC will--

(a) Obtain commodities, provide services, and arrange or provide for shipping of commodities for USAID or its designee upon receipt of approved purchase requisitions.

(b) Provide for administration of contracts entered into by the U.S. Army for the USAID including relevant claims.

(c) Submit reports as are agreed to by USAID and the U.S. Army.

(4) USASAC (AMSAC-CF) will--

(a) Be the collecting agency for the U.S. Army for all other transactions.

(b) Process SF 1080 billings to USAID, receive the collections, and distribute the proceeds to the

appropriate commands.

(5) Air Mobility Command, Military Sealift Command, and Military Traffic Management Command (MTMC) will bill the Agency for International Development, Government Property Resources Division, Bldg 54, Defense Distribution Region-East, New Cumberland, PA 17070-5096, directly for transportation account codes C849, C850, and C851.

c. Commodities and services. USAID will determine commodities and services to be supplied and covered by the purchase requisitions issued to the U.S. Army. In cases when the quantity, quality, or type of commodities and services ordered cannot be processed efficiently and promptly, the U.S. Army will have the right to reject a purchase requisition.

d. Accessorial charges. Compute and record accessorial charges as described below.

(1) PCH costs include the costs incurred for labor, materiel, or services in preparing the materiel for shipment from the storage or distribution points.

(2) Transportation costs include the costs of in-land transportation (land, air, and inland and coast-al waterways) in and outside the United States and ocean transportation costs by vessel or air.

(3) Port loading and unloading costs include the costs incurred for labor, materiel, and services for loading, unloading, and handling at the ports of embarkation and debarkation. Do not include unloading charges if the recipients must perform this work.

(4) Positioning costs include costs incurred in pre-positioning items in the supply distribution system (when not included in the standard prices of materiel) of the U.S. Army at locations outside the United States. Also, apply accessorial charges to shipments from the overseas storage and distribution point from which an order for shipment is filled.

e. Purchase requisitions.

(1) Except for the commodities and services furnished USAID covered under separate agreements with U.S. Army commands, USAID will issue a purchase requisition to USASAC (AMSAC-O). The requisition will include the following:

(a) The quantity of commodities required.

(b) The specific service desired.

(c) The country destination or use.

(d) The name and address of the consignee.

(e) The period in which the shipments are due.

(f) The maximum dollar amount authorized for commodities, services, and accessorial charges.

(g) The accounting classification of USAID funds to be charged.

(h) A statement that USAID funds are available to reimburse the U.S. Army for commodities and services furnished.

(i) Any other information required by the U.S. Army.

(2) Before issuing purchase requisitions, USAID will consult with DA concerning the price, availability, nomenclature, and other data needed to prepare the requisitions.

f. Transportation. The U.S. Army will provide for inland transportation, arrange for ocean or air transportation as requested, and ensure that documentation accompanies the shipment. The U.S. Army will send a copy of the shipping document to the consignee by airmail to USAID, Comptroller, in the country involved. The U.S. Army will arrange to sponsor USAID shipments through the Logistics Control Activity (LCA) for airlift shipments and for sealift shipments. If shipment is not made by LCA, MTMC, or a U.S. Flagship, LCA or MTMC will so advise USAID identifying the shipping document and purchase requisition.

g. Title and risk of loss. Title and risk of loss will pass to USAID on acceptance of commodities by common carrier at point of origin as evidenced by carrier's receipt. The U.S. Army, as an agent for USAID, will undertake all necessary steps to protect the interests of the United States for any loss during transportation. USAID will pay any costs incurred as a result of activities undertaken by the U.S. Army for the USAID. Do not use funds appropriated to the U.S. Army to pay such costs.

h. Delivery conditions.

(1) The total dollar amount including commodity prices and related accessorial charges stipulated in a purchase requisition includes provisions for price tolerance. The total is the maximum amount that may be billed USAID without an amendment. The estimated quantities stipulated in a purchase requisition are subject to the quantity tolerance usual to the trade. If these quantities plus usual trade tolerance cannot be procured within the maximum dollar value of the purchase requisition, U.S. Army will obtain further instructions from USAID.

(2) At the time of delivery to USAID or its designee, the commodities will conform to the quantities, types, and grades ordered unless substitute types and grades have been authorized by USAID. The U.S. Army inspectors will determine the quantities, types, packaging, varieties, grades, and other descriptions of all commodities delivered; their determination will be final.

i. Sale price and markings. Follow the sale price limitations for commodities set in the FAA of 1961. Settlement by USAID for commodities will be at the standard or negotiated price, as applicable, if issued from U.S. Army stocks or actual cost to the Army if procured for USAID. Mark containers for commodities delivered as instructed by USAID.

j. Offshore procurement. The provisions of this chapter apply to commodities purchased from OCONUS. The purchase requisition or related memorandums will contain any special provisions

that the U.S. Army and USAID have agreed on. The special provisions may include types, grades, or qualities of the commodity; areas of procurement; delivery instructions; pricing; or other provisions. These provisions will be a supplement to the agreement.

k. Cancellation of purchase requisitions. USAID may, at any time, cancel all or part of any purchase requisition or any official directive from USAID instructing the U.S. Army to procure in advance of a purchase requisition. USAID will reimburse the U.S. Army for all costs that result from the cancellation. If commodities subject to cancellation are held by the U.S. Army or it becomes necessary to accept the commodities from the suppliers, the U.S. Army will hold losses to a minimum by selling them at the best price. In such cases, the loss will be determined as the difference between the price received and the cost incurred. The commodity, administrative, sales, and storage costs will comprise the total cost.

l. Tort claims. The U.S. Army will be responsible for handling all tort claims in favor of the United States that arise between date of delivery through the time the commodities are stowed on board ship or airplane. Included are the loading and stowing points for the ocean or air shipment or any other point that USAID may direct for transfer of commodities. The U.S. Army has no initial responsibility for tort claims in favor of the United States arising after the commodities are stowed on board ship or airplane even though the U.S. Army sponsored the shipment. However, when requested by USAID or the government of the cooperating country through USAID, the U.S. Army will protect the interests of the United States on such claims.

m. Billing and reimbursement.

(1) On delivery of commodities to a carrier or when requested services are complete, the U.S. Army supplying command or activity will prepare SF 1080 for billing. SF 1080 will include--

(a) Charges for commodities or services furnished.

(b) Accounting classifications for crediting the payments for items billed.

(2) The charges for commodities and services will be supported by the shipment documentation, machine listing of the items delivered, or a statement of services performed. The documentation will show the purchase requisition number.

(3) The supplying activity will set up an accounts receivable according to chapter 15. Send SFs 1080 with supporting documentation to USASAC, ATTN: AMSAC-CF, Defense Distribution Region-East, New Cumberland, PA 17070-5096. The exception is for U.S. Army commands having separate agreements with USAID that contain specific provisions about billing USAID.

(4) USASAC will review SFs 1080 and supporting documentation for dollar accuracy and process the

billing to the address specified on the purchase requisition. USAID will send payment within 20 days after receipt of billing. Upon receipt of payment, USASAC will send a check with a copy of SF 1080 to the appropriate U.S. Army supplying command or activity to close out the accounts receivable.

Table 37-1. Formulas to establish lower prices for non-excess procurement appropriated items not to be replaced (excludes FMS and DoD agencies)

Condition: New or overhauled ¹

Price: Standard price to all customer

Condition: Serviceable-used (as is).

Price: For clothing, 50 percent of standard price. For all other, 80 percent of the standard price, less 50 percent of overhaul cost, but not less than 25 percent of standard price.

Condition: Unserviceable.

Price: Eighty percent of the standard price, less the overhaul cost, but not less than scrap value.

Note: 1. Overhaul includes all direct labor, direct materiel, and overhead.

Table 37-2. Fair values-sales to non-DoD customers for excess items (excluding FMS) ¹

Code	Condition	Percent of standard price ²
N-1	New-Excellent	50
N-2	New-Good	35
E-1	Used-Reconditioned-Excellent	
O-1	Used-Usable without repairs-Excellent	
N-3	New-Fair	33 1/3
E-2	Used-Reconditioned-Good	
O-2	Used-Usable without repairs-Good	
R-1	Used-Repairs required-Excellent	
N-4	New-Poor	33 1/3
E-3	Used-Reconditioned-Fair	
O-3	Used-Usable without repairs-Fair	
E-4	Used-Reconditioned-Poor	33 1/3
O-4	Used-Usable without repairs-Poor	
R-2	Used-Repairs required-Good	
R-3	Used-Repairs required-Fair	
R-4	Used-Repairs required-Poor	

Notes:

1. The supplying activity decides if an item is excess before it is shipped or dropped from inventory. The decision maybe made at the time of offer, if in terms with the sales document. Excess items include contingency retention, economic retention, and potential excess items.

2. The percent of standard price is the minimum charged to customers, based on condition. A recommended military hardware value price may be submitted for use by negotiators.

Table 37-3. Formulas to establish lower prices on non-excess items for sales to other Federal agencies and private parties (excluding FMS). ¹

Condition:

New or overhauled

Standard item: Percent of useful peacetime life remaining applied to replacement price or standard price.

Condition:

Serviceable-used (as is)

Standard item: Percent of useful peacetime life remaining applied to replacement or standard price, but not less than 25 percent of replacement price or standard price.

Condition:

Unserviceable

Standard item: Percent of useful peacetime life remaining applied to the replacement or standard price; or use 80 percent of the replacement or standard price, less the overhaul cost, but not less than 20 percent of the replacement price or standard price.

Note:

1. The pro rata nonrecurring charge is applicable to private parties and is adjusted by the remaining useful peacetime life percentage.

Table 37-4. Fair value-sales to Agency for International Development (AID), Department of State, for excess items¹

Condition Code	Percent of original acquisition cost
A-1 (serviceable, unused-good)	50
A-4 (serviceable, used-good)	40
A-2, A-5, B-1, C-1, D-1. B-4, C-4, D-4 (serviceable w/qualification, materiel is either unused in fair condition or used in good condition).	30
B-2, C-2, D-2, B-5, C-5, D-5, D-7, E-7, F-7, G-7 (serviceable w/qualification; if unused in fair condition; if used, in good condition.) (Also includes unserviceable items that are in good condition but require minor repairs.)	20
A-3, B-3, C-3, D-3, A-6, B-6, C-6, H-7, F-8 (serviceable, in poor condition; if unserviceable, in poor condition or unserviceable because item requires minor repairs).	10
D-H8, D-H9, F-9, F-X, G-X, H-X (unserviceable requiring major repairs).	5 ²

Notes:

1. The supplying activity decides if an item is excess at the time the supply action is taken for shipment and the item is dropped from inventory. Or the decision may be made at the time of offer if in accordance with terms of the sales document. Excess items include contingency retention, economic retention, and potential excess items for reduced pricing purposes.
2. The scrap value of the item will be the minimum price charged if greater than the lowest percentage of original cost.

Table 37-5. Items included in Standard Price

Description	PA Major Item	DBOF SMA Items
1. Current procurement/production costs latest representative buy for secondary/DLR items.	Applicable	Applicable
2. First destination transportation costs (actual or experience percentage factor.)	Applicable	See item 3
3. Surcharge percent to recover current procurement cost, and to recover first and second destination transportation costs.	Not Applicable	Applicable
4. Surcharge percent to recover current wholesale logistic operating costs incurred in the management of secondary/DLR items to include distribution depot costs.	Not Applicable	Applicable
5. Surcharge percent to recover current wholesale inventory losses, to include a factor for retail inventory losses in shipment.	Not Applicable	Applicable
6. Surcharge percent to fund wholesale inventory levels for new equipment.	Not Applicable	Applicable
7. Price stabilization rate which includes a surcharge percent to recover current wholesale inflation.	Not Applicable	Applicable
8. Surcharge percent to recover current safety of use/safety of flight costs.	Not Applicable	Applicable
9. Surcharge percent to recover current depreciation costs of capital equipment.	Not Applicable	Applicable

Table 37-6. Army Master Data File Standard Price Construction Worksheet (Procurement Appropriation Items)

A. Item Nomenclature M997, Ambulance (HMMWV), MODEL #M997
 B. National Stock Number 2310-01-111-2274
 C. Contract Number DAAE07-83-CRO34 D. Contract Date FEB 87
 E. Contract Line Number 4019 F. Contract Quantity 500

Attach supplemental worksheets where greater detail is needed to support cost elements. For additional information on cost elements, see paragraph 37-11.

1. Contract Hardware Unit Cost		\$ 41,594.13
2. AMDF Price of Government Furnished Materiel	(Per Unit)	0.00
3. First Destination Transportation per unit		615.53
4. Recurring Support and In-House & Contractor	Engineering Cost Per Unit	2,590.34
5. Cost of modification per unit not included In Line 1 Above		0.00
6. Warranty Cost Not Included in Line 1 Above		0.00
7. Acceptance Testing, Lot Testing & Proof Testing Per Unit		0.00
Total Unit Cost (Line 1 through 7) ¹		\$ 44,800.00

Prepared by _____ Date _____ Phone _____
 Verified by _____ Date _____ Phone _____
 Approved by _____ Date _____ Phone _____

NOTE: 1. All lines should be filled in; if a cost element is not applicable, enter zero (0).

Table 37-7. Pricing For Sales From funds Other Than DBOF-SMA

	Paragraph reference	Within the DoD component	To another DoD component	To another federal agency	To private parties
1. Sale of services					
a. Direct civilian labor	37-22				
(1) Payroll costs		N/A	Actual	Actual	Actual
(2) Leave/holiday costs		N/A	DoD factor	DoD factor	DoD factor
(3) Funded fringe benefit costs		N/A	DoD factor	DoD factor	DoD factor
(4) Unfunded fringe benefit costs		N/A	N/A	N/A	OPM
b. Indirect civilian labor ¹	37-30				
(1) Payroll costs		N/A	Actual	Actual	Actual
(2) Leave/holiday costs		N/A	DoD factor	DoD factor	DoD factor
(3) Funded fringe benefit cost		N/A	DoD factor	DoD factor	DoD factor
(4) Unfunded fringe benefit cost		N/A	N/A	N/A	OPM
(5) Temporary duty costs		N/A	Actual	Actual	Actual
c. Direct military labor	37-23				
(1) Payroll costs		N/A	N/A	Composite rate	Composite rate
(2) Leave/holiday costs		N/A	N/A	DoD factor	DoD factor
(3) Other personnel support cost factors		N/A	N/A	DoD factor	DoD factor
d. Indirect military labor ¹	37-30				
(1) Payroll costs		N/A	N/A	Actual	Actual
(2) Leave/holiday costs		N/A	N/A	DoD factor	DoD factor
(3) Funded fringe benefit cost		N/A	N/A	DoD factor	DoD factor
(4) Temporary duty costs		N/A	Actual	Actual	Actual
e. Temporary duty costs for direct labor	37-24	Actual	Actual	Actual	Actual
f. Use of DOD assets in computing the performance of services	37-29				
(1) Asset use charge		N/A	N/A	N/A	DoD factor
(2) Depreciation		N/A	N/A	N/A	DoD factor
(3) Interest on investment		N/A	N/A	N/A	DoD factor
2. Sale of materiel from inventory					
a. DBOF	37-25	Inventory price	Inventory price	Inventory price	Replacement cost
b. Non-DBOF					
(1) Replacement with an improved item		(²)	(²)	Replacement cost	Replacement cost
(2) Replacement-in-kind		(²)	(²)	Replacement cost	Replacement cost
(3) Replacement-not-required		(²)	(²)	Acquisition cost	Acquisition cost
(4) Reutilization and market items		(²)	(²)	(²)	High bid
(5) Indirect supplies	37-30	Overhead rate	Overhead rate	Overhead rate	Overhead rate

Table 37-7. Pricing For Sales From Funds Other Than DBOF-SMA (continued)

	Paragraph reference	Within the DOD component	To another DOD component	To another federal agency	To private parties
(6) Packing, crating, and handling	37-27	N/A	N/A	Actual	Actual
(7) Transportation	37-27	N/A	N/A	DoD factor	DoD factor
(8) Nonrecurring recoupment charge	37-59	N/A	N/A	N/A	DoD charge
3. Sales of materiel and services procured for customers					
a. Contract cost	37-26	Actual	Actual	Actual	Actual
b. Contract administration expense	37-26	N/A	N/A	Actual	Actual
c. Packing, crating, and handling	37-27	Actual	Actual	Actual	Actual
d. Transportation	37-27	DoD factor	DoD factor	DoD factor	DoD factor
e. Nonrecurring recoupment charge	37-59	N/A	N/A	N/A	DoD charge
4. Miscellaneous sales					
a. Lease/loan of equipment					
(1) Depreciation	37-28	N/A	N/A	N/A	DoD factor
(2) Interest on investment in assets	37-28	N/A	N/A	N/A	DoD factor
(3) Value of equipment not returned	37-29	N/A	N/A	Replacement Cost	Replacement Cost
(4) Transportation	37-27	N/A	N/A	DoD factor	DoD factor
(5) Packing, crating, and handling	37-27	N/A	N/A	DoD factor	DoD factor
(6) Repairs to restore equipment property to original condition	37-29				
(a) Direct labor		See sale of services	See sale of services	See sale of services	See sale of services
(b) Materiel/supplies		See sale of materiel from inventory	See sale of materiel from inventory	See sale of materiel from inventory	See sale of materiel from inventory
(c) Overhead	37-30	N/A	N/A	Overhead rate	Overhead rate
b. Transportation	37-27	N/A	N/A	DoD factor	DoD factor
5. Miscellaneous charges					
a. Depreciation	37-28	N/A	N/A	N/A	DoD factor
b. Interest on investment in assets		N/A	N/A	N/A	DoD factor

Notes:

1. Included in overhead rate.
2. Free issue, accounting entry required.

Table 37-8. Pricing For Sales From The DBOF-DMA

	Paragraph reference	Within the DoD component	To another DoD component	To another federal agency	To private parties
1. Sale of services					
a. Direct civilian labor	37-22				
(1) Payroll costs		Actual	Actual	Actual	Actual
(2) Leave/holiday costs		Actual	Actual	Actual	Actual
(3) Funded fringe benefit cost		Actual	Actual	Actual	Actual
(4) Unfunded fringe benefit cost		N/A	N/A	N/A	OPM rate
b. Indirect civilian labor ¹	37-30				
(1) Payroll costs		Actual	Actual	Actual	Actual
(2) Leave/holiday costs		Actual	Actual	Actual	Actual
(3) Funded fringe benefit cost		Actual	Actual	Actual	Actual
(4) Unfunded fringe benefit cost		N/A	N/A	N/A	OPM rate
(5) Temporary duty costs		Actual	Actual	Actual	Actual
c. Direct military labor	37-23				
(1) Payroll costs		N/A	N/A	Composite rate	Composite rate
(2) Leave/holiday costs		N/A	N/A	Actual	Actual
(3) Other personnel support cost factors		N/A	N/A	Actual	Actual
d. Indirect military labor ¹	37-30				
(1) Payroll costs		N/A	N/A	Actual	Actual
(2) Leave/holiday costs		N/A	N/A	Actual	Actual
(3) Funded fringe benefit cost		N/A	N/A	DoD factor	DoD factor
(4) Temporary duty costs		N/A	N/A	DoD factor	DoD factor
e. Temporary duty costs for direct labor	37-24	Actual	Actual	Actual	Actual
f. Use of DOD assets in computing the performance of services	37-28				
(1) Asset Use		N/A	N/A	N/A	DoD factor
(2) Depreciation		Actual	Actual	Actual	Actual
(3) Interest on investment		N/A	N/A	N/A	DoD factor
2. Sale of materiel from stock					
a. DBOF	37-25	Inventory Price	Inventory Price	Inventory Price	Replacement Cost
b. Non-DBOF	37-25				
(1) Replacement with an improved item		Inventory Price	Inventory Price	Inventory Price	Replacement Cost
(2) Replacement-in-kind		Inventory Price	Inventory Price	Inventory Price	Replacement Cost
(3) Replacement-not- required		Inventory Price	Inventory Price	Inventory Price	Acquisition Cost
(4) Reutilization and market items (surplus)		(²)	(²)	(²)	High bid
(5) Indirect supplies	37-30	Overhead rate	Overhead rate	Overhead rate	Overhead rate
(6) Packing, crating, and handling	37-27	Actual	Actual	Actual	Actual
(7) Transportation	37-27	DoD factor	DoD factor	DoD factor	DoD factor

Table 37-8. Pricing For Sales From The DBOF-DMA (continued)

	Paragraph reference	Within the DoD component	To another DoD component	To another federal agency	To private parties
(8) Nonrecurring recoupment charge	37-59	N/A	N/A	N/A	DoD charge
3. Sales of materiel and services procured for customers					
a. Contract cost	37-26	Actual	Actual	Actual	Actual
b. Contract administration expense	37-26	N/A	N/A	Actual	Actual
c. Packing, crating, and handling	37-27	Actual	Actual	Actual	Actual
d. Transportation	37-27	DoD factor	DoD factor	DoD factor	DoD factor
e. Nonrecurring recoupment charge	37-59	N/A	N/A	N/A	DoD charge
4. Miscellaneous Sales					
a. Lease/loan of equipment					
(1) Depreciation	37-28	Actual	Actual	Actual	Actual
(2) Interest on investment in assets	37-28	N/A	N/A	N/A	DoD factor
(3) Value of equipment not returned	37-29	Acquisition cost	Acquisition cost	Replacement cost	Replacement cost
(4) Transportation	37-27	DoD factor	DoD factor	DoD factor	DoD factor
(5) Packing, crating, and handling	37-27	Actual	Actual	Actual	Actual
(6) Repairs to restore equipment/property to original condition	37-29				
(a) Direct labor		See sale of services	See sale of services	See sale of services	See sale of services
(b) Materiel/supplies		See sale of materiel from stock	See sale of materiel from stock	See sale of materiel from stock	See sale of materiel from stock
(c) Overhead	37-30	Overhead rate	Overhead rate	Overhead rate	Overhead rate
b. Transportation	37-27	N/A	N/A	DoD factor	DoD factor
5. Miscellaneous charges	37-27				
a. Depreciation		Actual	Actual	Actual	Actual
b. Interest on investment in assets		N/A	N/A	N/A	DoD factor

Notes:

1. Included in overhead rate.
2. Free issue, accounting entry required.

Table 37-9. Credited appropriations for reimbursements to performing activities from Private orders¹

Charge to be credited	Appropriation ²
1. Services of military personnel.	
a. Composite pay rate, includes retirement	MPA
b. Leave and holiday, 14 percent of a.	MPA
c. Other benefits:	Deposit Account
Officers-6 percent of a and b.	21F3875.2020 20-C S99999
Enlisted-18 percent of a and b.	21F3875.2020 20-C S99999
d. Unfunded military labor.	MPA (89 percent) and 21F3875.2020 20-C S99999 (11 percent)
2. Services of civilian personnel.	
a. Salary cost.	OMA, RDTE, or DBOF
b. Leave and holiday, 18 percent of a.	OMA, RDTE, or DBOF
c. DoD funded fringe benefits, 22.2 percent (FY 94) of a and b.	OMA, RDTE, or DBOF
d. Civilian retirement cost not funded by DoD appropriation, 14.7 percent of a and b.	Miscellaneous Receipts Account
3. Inventory items.	
a. Non-excess Procurement Appropriation item from stock that requires replacement in-kind or by later models or versions.	Financing procurement appropriations as applicable, current at the time all items are dropped from inventory.
b. Non-excess item not replaced within the obligation availability of current procurement appropriations.	Miscellaneous Receipts Account
c. Excess procurement funded principal (major) items.	Miscellaneous Receipts Account
d. Excess and non-excess Stock Fund/DBOF items.	Defense Business Operations Fund
4. TDY costs financed by appropriation or fund accounts.	OMA, RDTE, or DBOF
5. Accessorial surcharge.	O&M appropriation current at the time services/ transportation is provided, or DBOF, as applicable.
a. PCH	
b. Transportation	
6. Contract administration surcharges. This is a combination of cost for military and civilian personnel services and charges for use of DoD assets and TDY costs.	MPA, OMA, DBOF, or Miscellaneous Receipts Account
7. Charges for the use of DoD assets. ³	Miscellaneous Receipts Account
a. 1 percent asset use charges and contractor rental payments.	
b. 4 percent asset use charge.	
8. Nonrecurring production charges.	Miscellaneous Receipts Account
9. Nonrecurring RDTE charge.	Miscellaneous Receipts Account
10. Nonrecurring cost on Direct Sales.	Miscellaneous Receipts Account
11. Royalty fee charges.	Miscellaneous Receipts Account

Notes:

1. Only when specifically allowed by law or the Army's implementing regulations may collections be returned to applicable appropriation that obtained the services or materiel being sold.

2. See DA Pam 37-100-FY (The Army Management Structure) for additional guidance.

3. See Section IX for asset use reimbursements related to training cases.

the

Table 37-10. Standard percentage rates for accessorial charges

Function	Percentage ¹
Packing, crating, and handling at storage depot or manufacturer for direct deliveries ^{2,3}	3.50
Parcel post (CONUS destinations)	
Parcel post rate is not additive to other CONUS transportation rates; it is additive to overseas transportation	3.75
CONUS transportation	3.75
CONUS port unloading and handling	2.50
Overseas inland transportation	3.00
Overseas port unloading and handling	1.00
Ocean transportation from CONUS to:	
Alaska, Hawaii, Europe, Latin America, and Mediterranean Ports	4.00
Newfoundland, Labrador, Thule, Iceland, South America (east and west coasts), Far East, African Ports (other than Mediterranean), and Near East.	6.00

NOTES:

1. Percentages are applicable to billing price of materiel shipped or inventory price of materiel issued without reimbursement. These reimbursement rates shall not be arbitrarily applied to the acquisition price of all items having a unit value of \$10,000 or over. Instead, actual or estimated costs shall be used when determination is made by the supplying agency that a lower and more equitable charge will result.
2. Source item packing is distinguished from cargo assembling, packing, and preservation, such as shipments placed in sea vans or trailer vans at ports of embarkation. These latter services are normally performed by the purchasing DoD Component, and use actual or estimated costs as the basis for reimbursement.
3. Storage charges shall be charged all non-DoD customers for customer-owned material which is held for 30 days or more. Storage charges are to be determined at the end of each 30 day period. A uniform DoD annual rate of .015 or .00125 monthly of the average value of customer-owned materiel shall be charged unless a commercial storage rate or actual cost is applicable.

Table 37-11. Schedule of Fees and Rates for Common Services

1. General. This schedule applies to authorized services related to copying, certifying, and searching records given to the public by DA components. (See para 37-52 for services exempt from charges.) Except as provided in certain cases (para 37-50), a minimum fee of \$3.50 will be charged for processing any chargeable case. Normally, only one copy of any record or document will be provided.

2. Fee Schedule**a. Training and education.****FEE****(1) Transcripts**

Original copy

\$3.50

Each additional copy

.45

(Includes requests for transcripts of graduation from military academies and schools)

(2) Certificates

Original copy

\$3.50

Each additional copy

.45

(Includes all requests for certificates, verification of attendance, and course completion from Service schools and other facilities.)

b. Patients medical and dental records for other than further treatment. Covers requests for information from or copies of medical records. This includes clinical records (inpatient records of military and nonmilitary patients), health records (military outpatient records), outpatient records (nonmilitary outpatient records), dental records, and loan of X-rays.

Fee

Searching and processing (per hour)

\$13.25

Minimum charge

8.30

Each typewritten page

3.50

Office copy reproductions (per image)

.10

Copy or loan of each X-ray

8.50

c. Military membership and record (excludes medical and dental records.)**Fee****(1) Address of record, each**

\$3.50

(2) Copies of releasable military personnel records for officers and enlisted personnel reproduced for personal use of active, retired, and former members or next of kin of missing in action or deceased members of the Armed Forces.

Fee

Minimum charge (up to six reproduced images)

\$3.50

Each additional image

.10

Statement of verification of service or report of separation for individuals other than honorable discharges

5.20

Table 37-11. Schedule of Fees and Rates for Common Services (Continued)

d. Photography.

(1) Still pictorial or documentary photographic prints. Unlisted standard sizes of prints may be furnished, if available, at prevailing contract or activity rates. ¹

	QUANTITY			
	1-9 Each	10-20 Each	21-50 Each	50+ Each
8-inch by 10-inch single (RC type) paper	\$ 4.50	\$ 3.50	\$ 2.50	\$ 1.75
11-inch by 14-inch single weight (RC Type) paper	9.00	7.00	5.00	4.00
16-inch by 20-inch single weight (RC Type) paper	19.00	15.00	12.00	9.75
20-inch by 24-inch single weight (RC Type) paper	30.00	25.00	20.00	15.00
8-inch by 10-inch single weight (color) paper	11.00	7.50	3.50	3.00
11-inch by 14-inch single weight (color) paper	17.00	9.00	6.50	5.50
16-inch by 20-inch single weight (color) paper	35.00	25.00	14.00	11.50
35mm color transparency slide made from color negative	5.00	3.50	3.00	3.00
35mm duplicate from 35mm slide	1.00	3.50	3.00	3.00
Print mounted on 16-inch by 20-inch cardboard	\$ 8.00 plus unit price of print			
Print mounted on 20-inch by 24-inch cardboard	\$12.00 plus unit price of print			
8-inch by 10-inch color transparencies	\$20.00 (first) 16.00 each add'l			
4-inch by 5-inch color transparencies	\$ 4.50 each			
4-inch by 5-inch B&W negative	\$ 2.00 each			
70mm color negative	\$ 7.50 each			

NOTE: 1. Price may vary by 20% on either side of these average charges based on local in-house labor, equipment, and supply (raw stock) costs.

(2) Motion Picture

	Price per foot Contract
Color	
16mm work print (positive work print from an original negative)	\$.20
16mm reversal work print	.20
16mm color master ("A" roll)	.60
16mm duplicate negative (from master positive)	.60
16mm reversal duplicate negative	.85
16mm internegative (from reversal original)	.70
16mm short rolls (under 100 feet)	.10 plus basic price
16mm tab-to-tab printing	.20 plus basic price
Black and White	
16mm work print (negative or positive)	.10
16mm master positive (fine grain)	.25
16mm duplicate negative	.25
16mm short rolls (under 200 feet)	.10 plus basic price
16mm tab-to-tab printing	.20 plus basic price

Table 37-11. Schedule of Fees and Rates for Common Services (Continued)

	Price per foot Contract
(3) Miscellaneous	
Magnetic tape - dub from 16mm film	\$ 65.00 plus raw stock
Searching (per hour or fraction thereof)	18.00
Minimum charge per film order (including search)	35.00
16mm film to videotape (broadcast quality tape format) per hour	275.00 plus raw stock
Minimum charge for film to videotape transfer	140.00 plus raw stock
(4) Aerial photographic print processing prices will be determined by the local DoD operated lab due to limited availability.	
(5) 35mm film processing for motion pictures is not done in-house by the DoD. Charges for this type of processing will be at prevailing contract rates on a case-by-case basis.	
(6) Construction and engineering information. Copies of aerial photograph maps, specifications, permits, charts, blueprints, and other technical engineering documents.	
	Fee
Searching, per hour or fraction thereof (including overhead costs)	\$ 13.25
First print	2.50
Each additional print of same document	.85
(7) Copies of medical articles and illustrations. Standards used will be utilized in computing costs.	
(8) Claims, litigation.	
(a) Included are court-martial records furnishing information from report of claims investigation; for example, automobile collision investigations and safety reports.	
(b) Requests pertaining to private litigation and to cases in which the United State is a party and where court rules provide for reproduction of records without cost to the Government (if not covered in b or c above)	
	Fee
Searching and processing (per hour)	\$ 13.25
Minimum charge	8.30
Office copy reproductions (minimum of six reproduced images)	3.50
Each additional image	.10
Certification and validation with seal, each	5.20
NOTE: Charges for professional search or research will be made in accordance with (11)(b) below).	
(9) Publications and forms. A search and processing fee, shown in (11)(a) below will be made for requests requiring extensive time (one or more hours).	
(a) Shelf stock. (Requesters may be furnished more than one copy of publication or form if it does not deplete stock levels below projected planned usage.)	
	Fee
Minimum fee per request (up to six reproduced pages)	\$ 3.50
plus--	
Form, per copy	.10
Publications, per printed page	.02
Microfiche, per fiche	.10

Table 37-11. Schedule of Fees and Rates for Common Services (Continued)

	Fee
For example: 20 forms, \$5.50: publication with 100 pages	\$ 5.50
(b) Office copy reproduction (when shelf stock is not available.)	
Minimum charge	3.50
Minimum charge first fiche	8.70
Each additional page	.10
Each additional fiche	.20
(10) Engineering data (microfilm).	
	Fee
(a) Aperture cards	
Silver duplicate negative, per card	\$.75
When key punched and verified, per card	.85
Diazo duplicate negative, per card	.65
When key punched and verified, per card	.75
(b) 35mm roll film, per frame	.50
(c) 16mm roll film, per frame	.45
(d) Paper prints (engineering drawings), each	1.50
(e) Paper reprints of microfilm indexes, each	.10
(11) Other charges. Charges for any additional services not specifically provided for above and consistent with the provisions herein will be made by other DoD components at the following rates.	
	Fee
(a) Clerical search and processing per hour	\$ 13.25
Minimum charge	8.30
(b) Professional searching or researching (To be established at actual hourly rate prior to search. Minimum charge will be established at one-half hourly rate.)	
(c) Minimum charge for office copy reproduction (minimum to six images)	3.50
(d) Each additional image	.10
(e) Each typewritten page	3.50
(f) Certification and validation with seal, each	5.20
(g) Hand-drawn plots and sketches, each hour (or fraction thereof)	12.00

(1) Acquisition cost of the asset	\$1,000,000
Less: Residual value (scrap)	100,000
Depreciable basis	\$ 900,000
(2) Estimated useful life in years	20
(3) The annual depreciation expense of \$45,000 is computed by dividing the \$900,000 depreciable basis by the 20-year useful life.	
(4) Divide the \$45,000 by 2080 (standard yearly hours) to arrive at an hourly charge of \$21.63.	
(5) Multiply the hours used to complete the customer order by the hourly charge. 500 hours X \$21.63 (from step 4 above) = \$10,815 depreciation expense to be charged.	

Figure 37-1. Example of computing depreciation

(1) Acquisition cost of the asset	\$1,000,000
Less: Accumulated depreciation (5 years at \$45,000 per year)	225,000
Net book value	\$ 775,000
(2) Annual interest (10 percent per annum)	77,500
(3) Hourly charge is computed by dividing the annual interest of \$77,500 by 2080 (standard yearly hours) to arrive at \$37.26 per hour.	
(4) Multiply the hours used to complete the customer order (e.g., 500) by the hourly charge of \$37.26 to arrive at the interest on investment of \$18,630.	

Figure 37-2. Interest on investment in assets